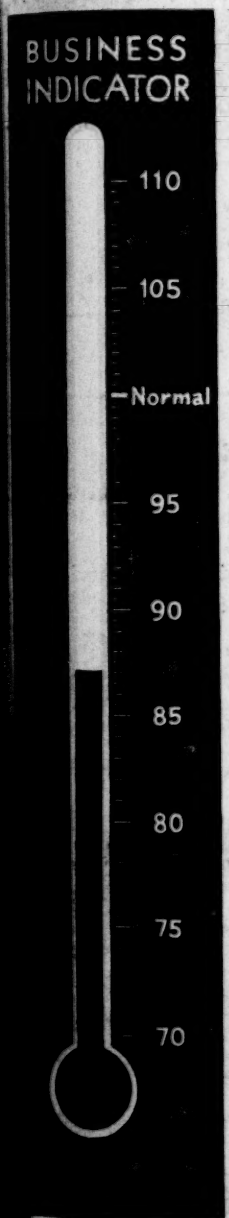
AUG 25 1930

AUGUST 27, 1930

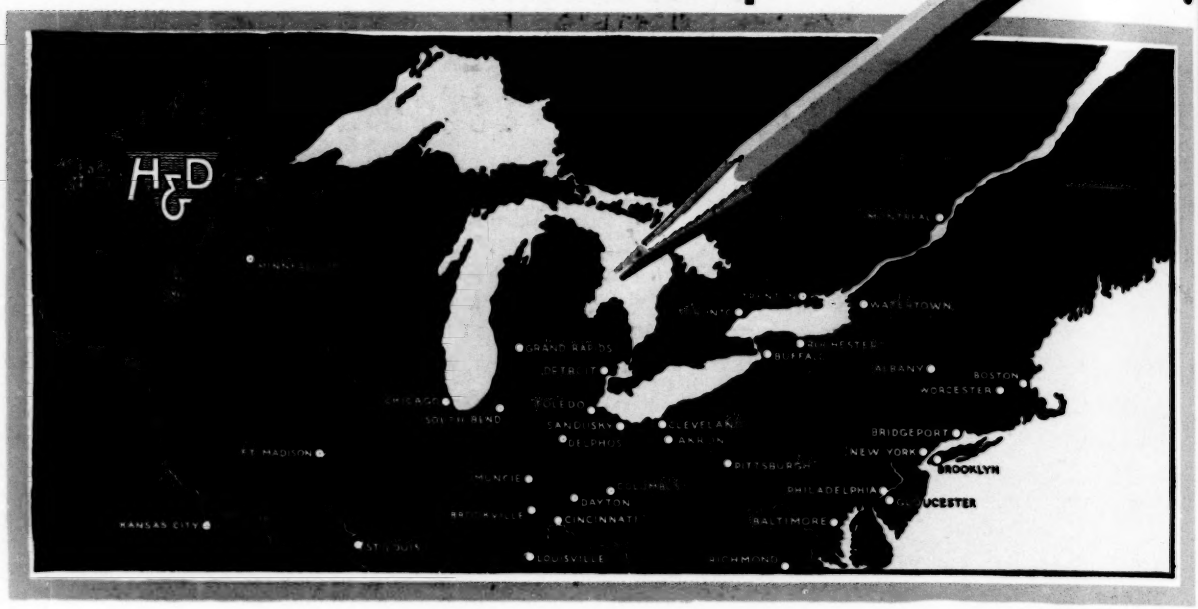
THE BUSINESS WEEK



BUSINESS apparently hit a second bottom at the beginning of August, just a year after it went over the top in 1929. Since then little change, but indications that a slow up-pull has set in. . . . . Our index, with its final figures steady at 86.5% of normal for two weeks, rose a trifle to 86.9% this week. Last year it came down quite a peg to 111.5%, beginning its swift slide. (See pp. 35-36). . . . . Industrial activity is still stagnant, but has reached resistance levels, despite the astonishing slackness of seasonal forward buying in wholesale lines which is leaving retail shelves bare. General trade, discounting drought doubts, has freshened since the first of the month. . . . . Commodity prices are decidedly firmer. Bears are making less headway in all markets. Whether the business recovery from now on is to be slow or fast, only seasonal or permanent, is now chiefly a question of revival of individual initiative and aggressiveness which has been weakened in the past few months by repeated disappointment in miracles and by defeatist doctrines. . . . . Business may be slack, but business men are slacker.

15 CENTS McGRAW-HILL PUBLISHING COMPANY, INC.

SPOT YOUR FACTORIES On This Map . . .



You'll find H & D a near neighbor

FROM Florida in the South to the seaport of Montreal in the North—from Kansas in the West to Boston in the East, Hinde & Dauch has established a far-flung line of mills, box factories and service offices.

No matter where your plants are located in this great industrial region, you'll find an H & D Unit as a near neighbor to every one.

In addition to a strategic source of box supply, each Hinde & Dauch unit places at your command the complete package engineering service of the world's largest maker of corrugated fibre shipping boxes and packing materials.

Call for an H & D Package Engineer whenever you have a shipping box problem to solve. He has a vast fund of experience in packaging problems to place at your disposal.

THE HINDE & DAUCH PAPER CO.
335 Decatur Street Sandusky, Ohio

Western Address: Kansas City Fibre Box Company, Packers Station, Kansas City, Kansas. *Canadian Address:* The Hinde & Dauch Paper Company of Canada, Ltd., King Street Subway and Hanna Avenue, Toronto.

HINDE & DAUCH *corrugated fibre* SHIPPING BOXES

"How to Pack It" is an interesting book that shows how H & D Engineered Packages have met the packing needs of scores of manufacturers. Mail the coupon for a free copy.

The HINDE & DAUCH PAPER Co., 335 Decatur St., Sandusky, O.
Please send me a copy of "How to Pack It."

Signature .....
Company Name .....
We Pack .....
Address .....
City ..... State .....

THE BUSINESS WEEK (with which is combined The Magazine of Business) Aug. 27, 1930. No. 51. Published weekly by McGraw-Hill Publishing Company, Inc., Tenth Avenue at Thirty-Sixth Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year. Entered as second-class matter February 15, 1930 at the Post Office at New York, N. Y., under the Act of March 3, 1879. Printed in U. S. A. Copyright 1930 by McGraw-Hill Publishing Company, Inc.

What's In This Issue —And Why

Crops

REPORTS that the drought would dry up farm income are further discounted this week. Firmer grain markets, rising livestock prices, European crop shortages, prompt relief measures, all helped business to get its courage back. *(page 5)*

Kansas

KANSAS wheat belt farmers are getting their fields ready for winter wheat seeding on as great a scale as ever, despite the Farm Board's plea. *(page 7)*

Canning

GREATLY increased acreage in vegetable crops for canning markets forecast an uncomfortable surplus this year, depressing prices. Drought has cut yield to normal. *(page 8)*

Battle of the Brands

NATIONALLY advertised brands of food are having the battle of their lives. Chains seize this year of declining prices to push their own brands. *(page 13)*

Tires

TIRE makers overestimated 1930's needs. Tire distribution setup is undergoing revolutionary changes. Prices are crumbling. The industry suffers. *(page 11)*

Phones

A. T. & T. takes over the largest independent telephone company—St. Paul's with 118,000 phones. One telephone out of every 4 in the United States still is independent. *(page 15)*

Farm Cartel

EASTERN Europe is moving toward an agricultural cartel. This is likely to help us more than harm us. *(page 32)*

Bonds

IN THE past, whenever bond prices have definitely turned upward, business recovery has followed close behind. Bond prices have moved upward for the past month and a half. *(page 29)*

Banks

IN THE banking revolution, Chicago is moving more slowly than any other major city. But be not deceived, Chicago is ready for swift action. *(page 26)*

GROUP banking gains strength, just now in the southwest. *(page 18)*

Automobiles

PRICE cuts are motordom's attempt to stimulate slack buying, will not be permanent. But they haven't helped much as yet. *(page 10)*

W. C. DURANT will make another midget car to compete with the new Austin. *(page 11)*

Building

BUILDING contracts let in July fell off sharply but building permits in 589 cities increased, reversing seasonal trend, revealing an unusual amount of small jobs. *(page 34)*

Railroads

WESTERN roads worry over revenues; view the grain rate cuts as almost the last blow they can bear. *(page 9)*

Coal Chemistry

THOMAS HITCHCOCK, JR., and associates open a Chicago plant to make "anthracite" from bituminous coal, for domestic use. *(page 16)*

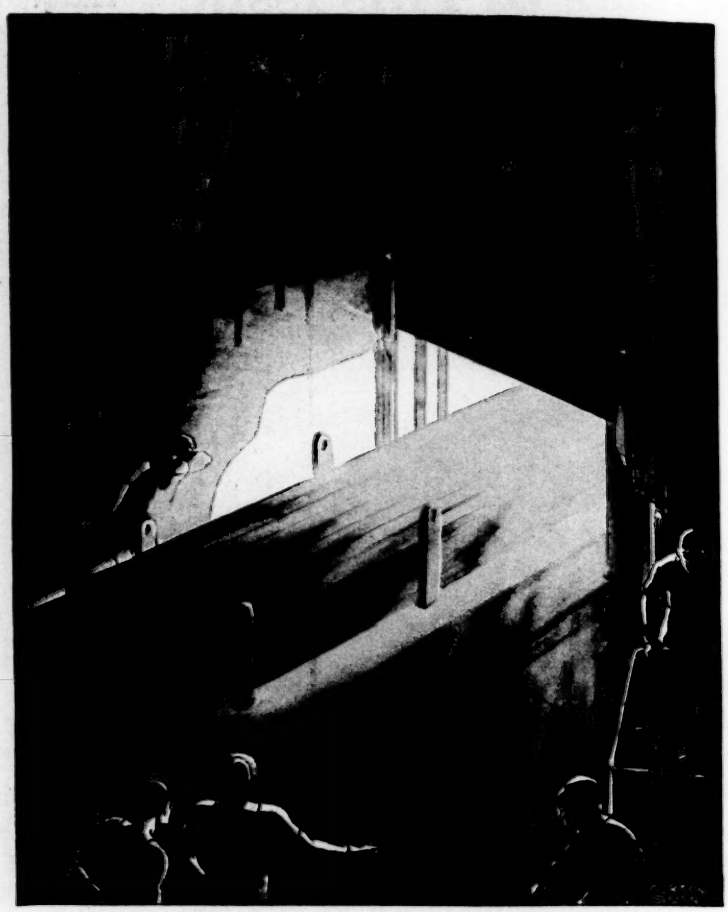
Quakers

THERE aren't many Quakers, but ever since the days when Voltaire described them, they have been doing pretty well. Just now one of them is President; another heads Big Steel. Myron C. Taylor conforms to the type. *(page 22)*

Silver

SILVER prices improved this week but experts think the bulge is temporary; the Senate Committee still seeks remedies. *(page 28)*

Turning High Temperatures into High Grade Products



The application of electricity to industrial processes has opened up broader avenues to economical manufacture. Its advantages in many lines show themselves in a more uniform and better product, fewer rejections, increased output, lower maintenance costs, and better working conditions.

In the modern electric furnace, heating elements can be placed exactly where needed—like pictures hung on walls. The heat can be near or far from the product to be treated. Electric temperature control is positive and unvarying. Electric heat is clean—there are no combustion fumes, nor dust, nor gases.

The increasing application of electric heat for better results in many manufacturing operations has come about through research and design in which Westinghouse has co-operated with engineers of all industries. Westinghouse builds a complete line of industrial heating apparatus, from small space heaters to vast metal-treating furnaces.

ELECTRIC POWER BUILDS BUYING POWER

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending Aug. 23, 1930

Business Recovering Courage As Drought Reports Improve

Firmer Grain Markets, Better Livestock Prices, Help To Dispel Early Fears For Farm Buying Power

BUSINESS men who had already decided that the agricultural situation wasn't as threatening as it looked found justification for their belief this week. The effects of early exaggeration of the drought wore off and much discouragement dissolved in the rains which relieved conditions generally. The federal and state governments have put financial physicians to work on whatever serious conditions are left at some local points by the dryness and high temperatures.

The Department of Agriculture reported that rains this week were especially helpful to gardens and truck crops and in providing new pasturage. Corn is not greatly helped but deterioration has been halted. Many cotton areas still suffer and additional rains are needed generally. Harvesting of small grains has been largely completed.

Effect on Prices

The agricultural purchasing power of the Middle West is still an unknown quantity but several new factors make the prospect better than it was while prices were declining before the drought. Business readjustment toward most favorable areas continues. Crop conditions for the nation are a little below normal but studies of previous crop years fail to show that poor crops mean poor business. Poor crops in 1886-7, 1894, 1901, 1911 and 1924 saw business hold steady or advance in spite of them.

Wheat prices this week first sagged on realization that the drought was exaggerated, then largely recovered. The increased domestic demand resulting from shortages in other crops continues to help the market. Europe's crop, including Russia, is estimated by Broomhall as 88 million bushels under last year's, 24 millions under 1928. Europe's prospective net import demand is 600 million bushels, of which this country will get its share. The Western Hemisphere crop is above last year's total, but below that of 1928. And the world carryover of old wheat August 1 was estimated at 380 million bushels compared with 448 million bushels a year ago.

Elimination of the usual premiums on high protein content wheat as a result of the drought has hit Northwest farm specialists. Normally, millers pay 20 to 50 cents a bushel premium for this grain. The dry spell brought smaller, lighter grain, but gave it a protein content ranging from 14% to 19%.

Corn prices held firm, after going through the same sag as wheat. Europe, too, is reporting a heavy shortage in this crop which can be only partly supplied by Argentina's increased yield. With prices up, Senator McNary has called for increased duties under the flexible provisions of the new tariff law to prevent an influx of this Argentine corn; but, in view of the smallness of its export surplus and the fact that very little of it is likely to be sent to this country, action seems doubtful. Europe's unfavorable outlook for oats and barley has put American growers of these crops in a more favored position than expected.

A sharp rise in livestock prices to the highest levels since August last year dispelled fears of a sacrifice dumping of cattle due to feed and water shortage. Hogs, cattle and lambs rose from 25 cents to 85 cents from last week's prices. About 24% of the hogs purchased were bought by shippers for return to the farms.

Cotton Hard-Pressed

Cotton sagged sharply during most of the week under the burden of large visible supplies and small demand, went below 11 cents and continues weak. Cotton consumption during July was only 378,835 bales against 405,181 in June and 547,165 in July, 1929; only 6,113,932 for the year ended July 31 against 7,091,065 the preceding year. The Cotton Exchange reports the total United States supply this season at 18,730,000 bales compared with 17,352,000 bales last season. Cotton goods held by mills represents 5.68 weeks pro-

Keystone

THE GOVERNORS TALK IT OVER WITH THE PRESIDENT

At the drought conference were governors Caulfield of Missouri, Emerson of Illinois, Leslie of Indiana, Cooper of Ohio, Conley of West Virginia, Pollard of Virginia, Erickson of Montana, Weaver of Nebraska, Hammill of Iowa, Reed of Kansas; Harrison—representing Arkansas, Fitts—representing Tennessee, and Senator Robsion of Kentucky

duction above unfilled orders as against only 0.24 weeks this time last year.

Drastic reduction of operations by mills resulted in July sales of 108% of production, the first time they have exceeded output in 4 months. Cotton exports, thus far this season, are running 31½% above last season, providing the only bright spot in a dark situation for the white material.

The decline in tobacco prices to an average around 9.68 cents per pound, the lowest since 1902, also hits the South. Average price last year was about 20 cents. But the 80% of the crop already sold has gone at an average of around 11 cents.

President Hoover's relief program assumed more definite form this week with appointment of a national committee and naming of committees in several states. The government's aid to the 350 stricken counties will be chiefly along credit and transportation lines. The complexion of the committees is predominantly financial and several national leaders have been enlisted for them.

Credit is needed for holding livestock, for purchase of winter supplies and for next season's seeding. The Farm Board is joining in the relief work but feels somewhat restricted as to its lending power. Most of its funds will go to coops, with the committees and local sources supplying the rest of the field. Local organizations guaranteeing individual credit are favored, but the committees have not yet been able to meet.

Road Money Advanced

Secretary Hyde allocated $121 millions of federal road funds which would not be due until Jan. 1 to provide employment for needy farmers in stricken districts. Federal funds must be matched by state appropriations before construction work can begin.

The I.C.C. ordered some lowering of rates on cotton from the Mississippi Valley this week, but left Southeastern and Southwestern rates largely unchanged. However, this cannot be classed as a relief measure. The Commission will hear applications from Western roads to postpone the effective date of reduction order on Western grain rates from Oct. 1 to Jan. 1.

The difference between the Washington administration's technique in handling the drought and that applied to cope with the beginning of business recession has caused favorable comment this week. Reports emanating from its drought conferences have been sharply realistic and entirely free from the premature optimism that reacted against last spring's activities.

Investigation into food prices in New York is revealing that racketeers are taking advantage of drought fears to push up prices to points unjustified by supply conditions.

Wire Reports Encouraging

Telegraphic reports to *The Business Week* from various agricultural centers reflect the improvement in business feeling current this week.

Kansas City:—Business conditions generally looking much brighter. Good rains helping market gardeners and late corn doing well. Substantial firms confident of better things ahead. Cattle helped by new pasturage. Psychological effect of the break in the drought and heat important.

Dallas:—Slight rain with promise of more improves the outlook in this district. Business is expected to improve during the fall but not to reach the levels of a year ago for 12 months. Business actually is better than mental attitude of people. Many business men expect business to run on a level equal to 1928.

St. Louis:—Demand for agricultural credit facilities is, in some cases, expected to be double that of a year ago. Interest rates rule at 4% compared with 5½% a year ago Outlook for immediate future is bad.

St. Paul:—Drought is not curtailing business in the Northwest nearly as much as low prices for agricultural products. City people are cutting down purchases. Drought has not affected Minnesota or eastern North Dakota, where corn crop is equal to or better than last year. However, with wheat prices around 70 cents at country points and no premium for protein content, buying power is being reduced. Loan advances to farmers under the Farm Board program are limited to about 40 cents a bushel compared with $1 at farms last year. Actual threshing returns are found to be somewhat above estimates.

Atlanta:—Georgia views its present farm situation with optimism. State Commissioner of agriculture has predicted a satisfactory cotton price increase within a month and expects an exceptionally valuable tobacco crop. Rain over week-end aided all crops. Retail trade improving. Bankers and business men are more bullish on fall prospects.

International News

A Legge Up

The head of the Federal Farm Board as he arrived in Washington. He flew from North Dakota to attend the drought conference

Want More Uniform Laws To Help Business

Feeling that the tempo of modern business is such that state lines are obliterated, that conflicting state laws are unnecessarily handicapping business, the National Conference of Commissioners on Uniform State Laws convened in Chicago last week for the purpose of drafting further proposals for standardized legislation on important matters of interest to business.

Since its inception 40 years ago, the National Uniform State Laws Association has submitted 40 or 50 proposals for uniform legislation to state legislative bodies. Many of these have been approved by all of the states.

Progress by the method of voluntary cooperation, however, is slow. In 1928 the Uniform Law Association approved a uniform act relating to articles of incorporation. So far only 2 states have adopted this uniform legislation. But if voluntary effort breaks down, further federal encroachment on state rights is inevitable. The last session of Congress gave ample indications that matters are reaching a climax in regard to uniform legislation dealing with corporations.

Kansas Wheat Acreage Not Cut, In Spite of Farm Board's Plea

AFTER floundering a bit for a year, the Farm Board came to its first birthday with a definite, complete, and perfectly neat theory about how the farm problem must ultimately be solved. This theory is now the basis of all its actions. It is buttressed by academic logic and statistical demonstration of the Board's economic staff, and the Board members are evidently quite satisfied, and happy, that at last they have found the anchor of a consistent policy to which they can hold through the wind and waves of political storms, and are clearly determined to cling to it henceforth.

The main element of this theory is acreage reduction in the great staple, surplus export crops, wheat and cotton. Other proposals for dealing with surpluses have been examined one by one and definitely discarded, for very good reasons. Nothing will help the wheat farmer but to stop growing wheat until there is none to export; nothing will avail the cotton farmer till he raises so much less cotton that the world will have to pay him a higher price for it. Of course, at the same time production costs should be reduced, if possible; but a cut rate in production is the essential.

This simple and clear idea raises many questions which puzzle farmers, economists, business men, railroad executives, bankers. What farmers shall do the cutting of output? What will they raise instead? What will they do with their land? How can we be sure that smaller acreage will produce less? How can production costs be cut without larger scale production?

These questions will be answered by experience, if and when farmers do cut acreage. The important question now is: Will they? What do they think about it?

Seed Time at Hand

The time for plowing and seeding winter wheat in the Southwest is approaching. Mr. Legge says there are many signs that Kansas farmers are going to take some action on wheat acreage; he hopes they will give definite indications now; that would raise wheat prices immediately. What with the drought and the European shortage the wheat market is in a delicate balance; prices really too low; definite promise of acreage reduction would swing the balance and give farmers the benefit of higher prices now.

The Business Week has tried to find out what response Kansas is going to make to the Farm Board policy. From its correspondents there it finds the farmers are going to plant about as much wheat as usual, try to make as much money out of it as possible by economical production, feeding it to cattle and hogs if it is necessary to dispose of it that way.

First Hand Inquiry

Farm specialists from the Kansas State Agricultural College at Manhattan recently completed a tour of the leading wheat counties of Kansas with a wheat demonstration train.

A. L. Clapp, extension agronomist at the agricultural college and in charge of the Wheat Festival Train, is convinced farmers in the wheat belt of Kansas are going to sow all the wheat they can plant in a good seedbed. Even during the dry weather they have been plowing. Now with the drought being broken generally in Kansas there probably will be enough moisture for seeding a large acreage which would otherwise have been fallowed to conserve moisture for the wheat crop to be harvested in 1932, or for the corn crop next year.

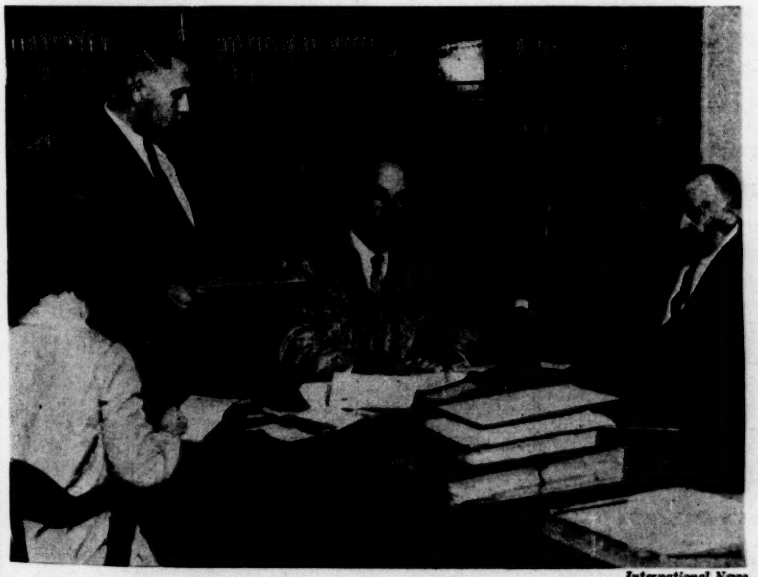
The wheat producers of Kansas reason thus:

Supposing Kansas does gradually reduce its wheat acreage 25%. And suppose Nature refuses to cooperate, but makes a bumper yield per acre. Would it not then be necessary for the agricultural departments, the experiment stations, the agronomists of agricultural colleges and so on to show the wheat grower how to make sure of a low yield? Under the new topsy-turvy principle, the Master Farmer celebration will honor Farmer Doe, who succeeded in reducing his yield to 6 bushels an acre. Farmer Roe, whose wheat went to 6½ bushels, will be declared runner-up.

Much Will Be Fed

Those wheat farmers who have livestock to feed are learning that wheat, priced as low or lower than corn, can be fed profitably to livestock. This doubtless is the principal reason why a normal acreage of is presaged for Kansas this fall.

The strictly wheat belt counties of Kansas will continue to raise wheat, because their production costs are lowest. The growers will assure themselves as fair a price as possible, by orderly marketing. This year a much larger share of the wheat crop has been stored on the farms awaiting better prices. The farmers who raise both wheat and live-



International News

THE MILK RING AGAIN

Assistant Attorney-General Groat (standing) and Referee Charles C. Johnson query a witness, Lieb May (right), on his experience with the milk wholesalers in New York

stock will protect their wheat earnings, if the price of wheat gets too low, by feeding their wheat to livestock. With a scant corn crop this year, the feeding of wheat to livestock will lessen the present wheat surplus, so that a more satisfactory producer price for wheat will result. This, too, will tend to keep acreage up.

Drought Wipes Out Canning Crop Surplus

DROUGHT has changed the outlook for the canning industry. Acreage had been greatly increased; a surplus seemed in prospect; prices were depressed. Drought losses, it now appears, have about offset the acreage increase.

Forecast for snap beans is 1% down from 1929; sweet corn, 10% down; tomatoes, 1% to 2% up; green peas, 9% up. These four crops make up four-fifths of all vegetables grown for canning. All promised 10% to 15% increase this year, on early prospects.

Prices, depressed by prospective surplus, now may rise. July 1, 1929, wholesale quotations on canned beans ranged from 18 to 33% above prices July 1 this year. Corn was 11 to 43% higher; peas were the same or slightly lower; tomatoes were 33 to 54% higher. Carryover stocks were normal.

Demand Grows Brisker

Demand for canned goods is rising, due partly to poor yields in home gardens; partly, it is said, to scare buying.

The yield of all fruits is plentiful as compared with last year's short crop but is about 10% less than the ten-year average. Most of the fruit supply is grown outside the area of greatest drought damage. The yield Aug. 1 was expected to be about 18% above last year. The greatest increase is in prunes and plums, largely grown in California, where fruit crops in 1929 were reduced sharply by freezes.

In the Cumberland-Shenandoah region and in the Ohio valley, apples have been seriously injured by the drought. Less than one fourth of a crop of apples is expected in Virginia.

Forecast at 30,722,000 barrels, Aug. 1, the commercial apple crop would be about 6% more than last year and about 5% less than the 1924-1928 average. It is probable an unusual proportion of the crop will be sold this year.

Drought has not been the determining factor in this year's peach crop. Severe winter injury and spring freezes occurred in many sections and Aug. 1 a crop of 47,000,000 bushels was indicated, or about 2% more than the 1929 harvest and slightly more than 80% of the five-year average.

The pear yield, forecast at 24,277,000 bushels would be about 13% larger than the 1929 crop and the average for the five years. The cherry crop was even better than earlier anticipation. The August 1 forecast placed the yield at 59,682 tons, which is 21% over the 1929 crop and 12% over the five-year average.

Wide World

OFF FOR ALASKA

R. E. Wood (left) president of Sears, Roebuck, and H. Wendell Endicott, Boston banker, sailed from Seattle for a month's hunting along the Tanana River

Drought Has Slight Effect On Credit and Collections

THE drought has so far, had only a slight effect on collections of mail order houses and chain stores which do a heavy business with farmers. It has left their credit policies undisturbed, though credit extensions in a few localities are anticipated. However, it is yet too early to discover what the final effect will be. Chief fear is that undue newspaper publicity of the continued heat of July may prove to have been as depressing as were scareheads following the stock market crash of last fall.

An official of Sears, Roebuck says: "There is no justification for pessimism. Our collections are practically the same as they were at this time last year. If the corn yield amounts to 2 million bushels there will be little cause for worry. Any effects which the drought might have are inconsiderable as compared with the general condition of business due to the current depression. Naturally we are requiring special reports from district representatives but, so far, collections and credit policies have been little disturbed."

Frank S. Cunningham, president of Butler Brothers "anticipates some credit difficulty." But he also is unable, as yet, to estimate how much. Extra pressure had been put upon sales before the drought appeared, so there will be no stepping up to meet the new situation. Collections on June 30 were about what they were a year ago.

Sales of agricultural equipment are considered a poor barometer of the farmer's status, since his credit rests largely on the condition of his last year's harvest.

Top Wool Is Picked For Futures Trading

THE New York Cotton Exchange voted this week to begin trading in wool top futures on Nov. 1, initiated what sponsors hope will become one of the principal commodity exchanges. Purpose of the move is to provide opportunity for hedging operations for wool dealers and producers and manufacturers.

Wool tops is the trade name for wool in its combed stage. It is believed that definite commercial standards can be set for the commodity in this form. Previous efforts to trade in wool futures have gone on the rocks chiefly because of the difficulty in setting a grade that could be used as a trading basis. Commentators point out, however, that the latest solution ignores all that large class of wool that is carded and not combed.

Trading will take place under a corporation to be known as Wool Associates of the New York Cotton Exchange. Sale of many seats is assured.

Grain Rate Reduction Dampens Hopes of Western Railroads

WESTERN railroads are approaching a serious revenue situation. In the first 5 months of the year they earned at the annual rate of 3.08% on their value compared with 5.42% in the same period last year. Since 1920 they have lost half their passenger earnings—a decrease of $260 millions annually. Right now they are worried about the summer tourist business which is well below last year—50% below in the case of travel to the national parks.

Rail officials believe the effect of higher western class rates recently granted by the Interstate Commerce Commission (*The Business Week*, July, 16) is greatly overestimated, and the $12 millions increased earnings which Washington commentators prophesied are not visible; have been, in many instances, swept away by the later grain rate reduction order.

J. G. Woodworth, vice president of the Northern Pacific, told *The Business Week:* "The benefits to western lines from the proposed revision of class rates are very much overstated. They are largely dependent on concurrent action by state railroad commissions which, at best, means a delay. The subsequent grain rate reductions greatly exceed anything suggested by published reports. Present rates were made when most railroads were prospering. Everyone is stunned by the commission's class rate decision and the application of a mathematical scale of rates which will be in force regardless of variations in earnings and operating conditions among the roads affected."

Southern Pacific officials express similar concern. J. T. Saunders, vice-president, in a statement to *The Business Week*, said the rate revisions would result in a net loss of $800,000 to the Pacific lines of his company alone—lines which chiefly handle grain en route to San Francisco for export. This road hopes to be able to offset the loss somewhat by greater earnings on transcontinental freight if the long-and-short haul rates from New York commended by the I. C. C. examiner (*The Business Week*, July 16) are finally approved.

Santa Fe's Estimate

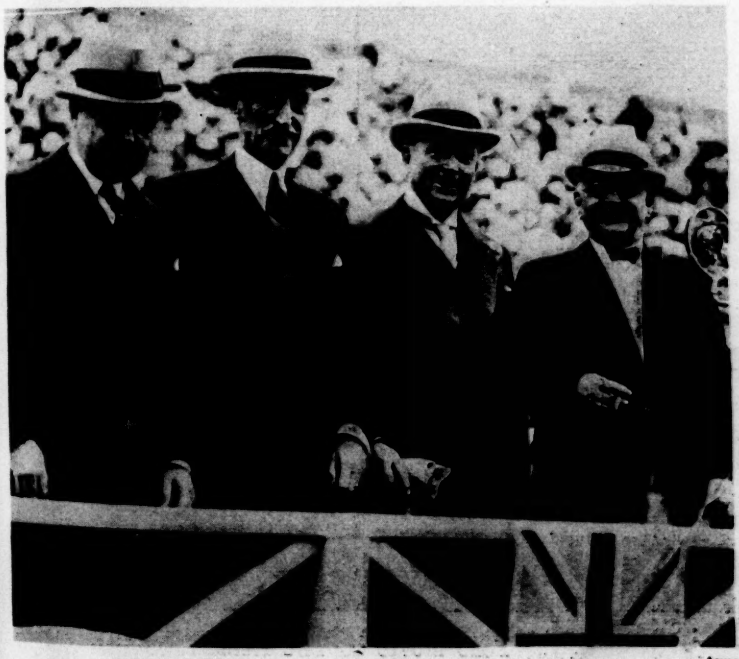
Santa Fe officials estimate that the grain rate reduction will mean an annual loss to them of $2,250,000. Rock Island will lose about $2 million.

Rail officials in the western territory point out that the Interstate Commerce Commission has held repeatedly that western roads have not earned a fair return since the end of government operation; that the roads have repeatedly appealed for readjustments that would enable them to earn somewhere near the return assured them under the Transportation Act of 1920. They say that the commission, in its recent revision of class rates, gave some of these roads an advance, apparently for the specific purpose of increasing their revenues; then, in revising the grain-rate structure, it more than swept away the increases which it had just previously granted.

Ask for Reopening

Rail officials point out that the grain rate investigation was begun by the I. C. C. in accord with the Hoch-Smith resolution, the commission's interpretation of which was condemned by the U. S. Supreme Court in a decision dated June 1. The grain rate revision is based on this very interpretation and was apparently arrived at before the court had spoken. Decisions of the Supreme Court hailed as "favorable" to the railroads seem to be of little value to them, rail officials feel.

A petition will be filed with the I.C.C. by western roads asking for a rehearing of the entire case and a postponement from Oct. 1 to Jan. 1, 1931, as the effective date for the grain rate order.



Acme

CANADA GOES TO THE GAMES

E. W. Beatty, president of Canadian Pacific, Viscount Willingdon, the Governor-General, the Rt. Hon. R. B. Bennett, newly elected Premier of the Dominion, and the Hon. G. H. Ferguson, Premier of Ontario, attend the British Empire Games at Hamilton, Ontario

"Temporary" Price Cuts Fail To Quicken Motor Market

But Real Drive for Sales Awaits Signs of Upturn And Manufacturers Don't Expect Reductions to Last

THE current wave of automobile price cuts represents chiefly an effort to quicken a slack market; does not presage lower levels for 1931. On that the best-informed opinion within and close to the automotive industry seems agreed. It is also agreed that there has been a disappointing lack of buying response to the offer of new models at lower prices; is doubtful of any real market development at this time; expects reductions to help clean out present stocks; believes most real drives for new business will be postponed until general conditions are improved.

11 Price Cuts Since June 1

Since June 1 there have been 20 instances in which the industry has either brought out new models or announced new prices for old ones. In one way or the other, it has effected 11 price reductions, and 7 increases; has replaced one model without change in price and offered another for which price comparison is impossible. Significantly, 8 of its cuts have come on cars priced below $1,000; all of the increases on cars above $1,000.

Its price-cutting hit a spectacular pace last week when, on the day after announcement of reductions of from $80 to $110 on Pontiacs and $130 to $170 on Oaklands—making the latter the lowest-priced eight on the market up to then—Hudson came out with a slash that placed it $10 below Oakland and dropped its Essex 6 $15 below Pontiac (*The Business Week*, August 20).

Many Chrysler Changes

Chrysler has taken the lead in making price changes and has gone downward in every change. Late in May the new DeSoto 6 went $10 to $35 below its predecessor. Shortly before that, the Chrysler 77 had been cut from $200 to $350 in anticipation of the new Chrysler 8 which replaced it in July at about $130 below the original "77" level. July, also, brought a new Plymouth body model at $565—a new low; and 4 models of the Chrysler 70 were reduced by from $100 to $150. When, early in August prices for the new Imperial 8 were announced they were found to run about $500 below the former Imperial. Some expect Chrysler's low-priced 8's to drop still further.

Other reductions have been made by Ford, Durant, Marmon-Roosevelt; and Chevrolet has just cut $40 from its sport models—wire wheeled—so that its 6's now have a lower price range than the 4's they replaced.

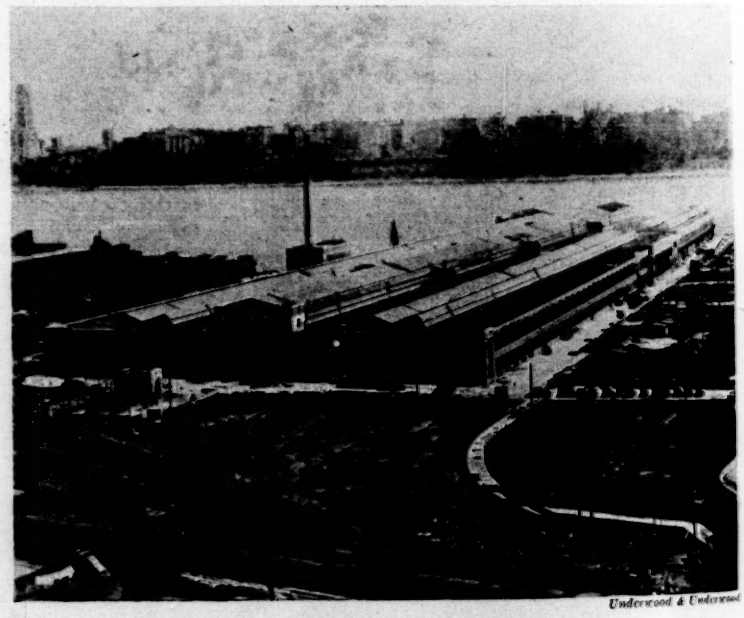
Other lower-priced models are expected soon. Cadillac will have a new 8 in which the same engine will be installed in a lighter car to be sold at a lower price. At the same time are expected the new La Salles, priced just a step above the highest Buicks, which will mean for La Salle a substantial reduction. Reo is bringing out an 8 soon; has spent $1 million in new equipment for it and now employs 3,000 men 4 days a week.

In contrast to the cuts and prospective cuts have come increases in prices of Buick, Studebaker and Hupmobile, while the Willys-Knight 87 is priced the same as its predecessor.

These price realignments provide a better distribution among competitive classes but there still appears to be unsatisfactory groupings at some levels. Below the $500 mark Ford and Austin hold sway. From $500 to $600 are Chevrolet, Plymouth and the Whippet 525. The next level—$600 to $700—was vacant until Essex and Pontiac moved in last week. At from $700 to $800 there are 4 models now available, 2 of them made by Willys-Knight. Along the line from $800 to $1,000 are found 14 models including 6 Chrysler-built cars, General Motors' Oakland, Willys-Knight's new "87", Hudson and Marmon-Roosevelt 8's. In higher-price classes the distribution is fairly even.

Most Show Profits

Despite poor business this year most automotive companies have been able to show profits. A compilation of 50 representative companies made by *Automotive Daily News* gave 43 a profit during the first 6 months of 1930 while only 7 reported a deficit—small in all but 1 case. Among the car and truck manufacturers, Reo and Graham-Paige were the only ones with losses. Profits totaling nearly $120 millions, compared



Underwood & Underwood

FORD MOVES TO THE HUDSON

One of the largest Ford assembly plants, with a capacity of 600 cars a day, is soon to open at Edgewater, N. J., just across from New York. Some 10,000 workers will be employed. Machinery will be moved from the present plant at Kearny, N. J., which will be taken over by Westinghouse Electric & Mfg. Co.

Pacific & Atlantic

THIS ONE KILLED A BOY

New Jersey loses its patience with the rattletrap menace. Cars involved in accidents found unfit for the road are condemned to the flames

with $197 millions for the first half of 1929, were made by Studebaker, White, Brockway, Hudson, General Motors, Mack, Federal, Yellow, Hupp and Nash. General Motors profits were $105 millions, about $50 millions less than for the first half of 1929. Of 35 parts, accessory, and equipment manufacturers only 3—Mullins Mfg. Co., Moto Meter and Continental Motors—failed to make profits; total profits for the others were $28 millions compared with $48 millions for the same period of 1929. Goodyear made a $5 million profit but Goodrich and U. S. Tire had losses.

Due chiefly to the epidemic of "shutdowns" during July, output for the month was only about 275,000,—lowest July since 1922. June sales figures recently made available showed a similar sharp decline to 260,000 from 345,000 in May as against 386,000 in June last year, 266,000 in June, 1927.

Durant to Make Small Car As Competitor to Austin

FOR the fourth time in his spectacular career, William Crapo Durant returns to prominence in automotive news. He has regained active control of Durant Motor Co.; has made an agreement with French interests whereby he will manufacture and sell in America the midget Mathis to compete with the Austin.

The American Mathis Co. has been formed in Delaware and has given Durant contracts to build 100,000 cars, deliveries to begin in December. The French Mathis Co. was founded in 1899, is the fourth largest producer in France. Its typical European light cars of the Austin type have been unusually successful in economy and speed contests.

A. I. Philp, chairman, F. J. Haynes, president, John A. Nichols, Jr., and R. A. Vail, vice president, were placed in active charge of Durant Motor early in 1929. These men had obtained wonderful results with Dodge Bros.; high hopes were held for Durant under their management.

Now the management contract is terminated; only R. A. Vail is retained; Durant is president again.

Durant has had a most amazing career as an organizer of automotive companies and as a Wall Street operator. He started in the automotive business in 1903 as the reorganizer of the Flint Wagon Works. A few years later he gained control of Buick Motor Co. and in 1908 consolidated Buick, Oldsmobile, Cadillac, and Oakland companies into General Motors Corp. of which he became the head. Two years later he was forced out when bankers refused to grant General Motors credit while he was in charge.

Durant was not discouraged; in 1913 he organized Chevrolet Motor Co., which was so successful that it permitted him to buy enough General Motors stock to regain control and bring Chevrolet into the fold. His second lease of life was short as he was caught in the post-war deflation and again resigned with considerable financial sacrifices. In 1921 he organized Durant Motor Co. of which he remained president and active head until January, 1929, when he relinquished the management to the group of Dodge executives. Now he is back in the harness again.

Tire Market Scramble Brings Price Cuts, New Sales Methods

WITH distribution of its new fall catalogue and price list not yet completed, Montgomery Ward & Co. is already announcing further price reductions on automobile tires, while raw rubber sets a new low record and the 6-month operating reports of large tire manufacturers show discouraging results.

Mail order houses have cultivated tire sales for several years as good volume-builders, are offering satisfactory products, are reported to have done over $50 millions in tires last year, apparently do not propose to have any of that business taken from them.

Since their fall catalogues went to press raw rubber prices have dropped materially, Standard Oil of New Jersey has entered the field, Firestone has cut prices to mail order levels and offers a superior 6-ply tire for Ford cars at the mail order price on 4-ply, U. S. Rubber Co. announced record-breaking sales during July.

Here are the Montgomery Ward changes on a few of the popular sizes:

Size	*Fall Catalog Price*	*New Sept. 1 Price*
29x4.40	$ 5.65	$ 5.55
28x4.75	7.65	7.58
30x4.50	6.49	6.35
31x5.25	9.95	9.75
32x6.00	13.45	12.98
33x6.00	13.65	13.10

Sears, Roebuck prices on the sizes quoted are at present from 10 to 55 cents higher in each instance, but compared with the prices on Atlas tires announced by New Jersey Standard, the

International News

THE WANAMAKER AND THE WHALE

John Wanamaker was fishing off Montauk when this 4-ton hump-backed whale was sighted. Harpooned, it towed the boat 30 miles. When landed, it proved to be as long as the boat

mail order prices effect a saving of 10 to 20%.

However, lower prices than these are now obtainable in the open market. Western Auto Supply Company, operating a chain of auto-accessory stores, sells its guaranteed-for-life "Wear-Well" tires, Ford size 29x4.40 at $4.79, just 76 cents cheaper, the 31x5.25 size for $8.35 or $1.40 below Ward's. The current "dollar" sale of a large New York dealer offers two tires at the price of one plus $1—29x4.40 at $8.90 for two, Firestone 33x6.00 at $21.90 for two. Some large cash-buying dealers are able to sell certain standard make tires at just half the present lists because their manufacturer is dumping surplus first-grade tires as "seconds," branding them as such with a small and barely noticeable mark. Established practice calls for the buffing out of the manufacturer's name on all tires sold as "seconds," but is not followed in this case.

1930 Needs Overestimated

While present low prices on raw rubber have added to the troubles of tire manufacturers, much of their present grief comes as the result of overestimates of 1930 consumption, which was expected to exced 1929 by 10%, but has fallen far below it. Not only has replacement business dropped off, but sales of private brand tires, offered by mail order houses, chain stores, have cut deeply into standard makers' business.

Important changes in tire distribution are in progress. Fisk has definitely cast his lot with independent dealers, announcing the fact in popular magazine advertisements. Firestone has opened about 500 super-service stations, each costing $40,000 or more. Goodrich is engaged in building up a chain of controlled stations. Reports from operators since Standard Oil Company of New Jersey entered the field show sales going well from the moment initial stocks of its tires are received.

Statements of leading tire companies for the first half of 1930 reflect their plight. Goodyear shows a net income down $7 millions, or about 40%, while sales dropped but 20%. United States Rubber Co. with a decline of but 13% in sales volume tumbles from a profit of $596,000 for the same period of 1929 to a deficit of $2,797,000 this year; even its Plantations Company, rubber-growing subsidiary, slipped into a loss of $350,000, since its cost of producing is 6 to 8 cents per pound higher than present market prices. B. F. Goodrich Co. suspended its $4.00 dividend after taking inventory losses and recording a $4,750,000 deficit.

Banker Suggests Model For Textile Mergers

BANKERS are said to be taking a new interest in the textile industry, after several years of apathy. Reasons: outstanding "comebacks" by individual mills; improved merchandising methods; noteworthy machinery development; changed attitude of the industry reflected in numerous current cooperative activities.

One internationally-known banker, after analysis of the industry's ills and the work of The Cotton Textile Institute, concludes that certain aspects of unity are being achieved in remarkable measure but that more actual mergers are needed.

Textile World reports this unnamed banker as asserting that, if a group of the more far-sighted manufacturers would agree to merge their interests, conditioned upon adherence of a predetermined percentage of the industry, others would stampede to get on the band-wagon; that no financing would be necessary—at least at the outset—as there is no lack of working capital in the industry.

Under the plan he suggests, enough of the quick assets to insure working capital would be exchanged for preferred stock, the rest liquidated and distributed in the proportion contributed; the fixed assets, valued by means of an accountant's yardstick, would be represented in common stock distributed in the precise ratio of fixed assets contributed.

There would be no legal obstacles to such a merger activity, the banker believes, in that the public interest, from the point of view of thousands of stockholders, hundreds of thousands of mill workers, and millions of other persons dependent on cotton growing, is preponderantly on the side of a stable textile industry.

Floating Sinclair Gas Station Travels Route

ANOTHER step in gas service to the motor boat owner—Burger Boat Co. of Manitowoc, Wis., has just delivered to Sinclair Oil Co. at Chicago a floating service station, equipped with service pumps, carrying 5,000 gallons of gasoline.

It differs from the Richfield stations (*The Business Week*, Aug. 13) in that, instead of being moored, it is powered with 60 hp. motor and travels a route each day.

Price Weapon Used Mercilessly On National Brand Foods

Chains' Attack Puts to Crucial Test Theory that Housewife Will Pay Premium for Confidence in a Label

ECONOMISTS charge that in too many cases retail prices are being maintained by force at disproportionate levels. This acts as a drag on consumer buying and to a decided extent retards business recovery.

How far are retail food prices lagging behind commodity rates? And at what point in the distribution line do the natural drops encounter opposition?

The big chain stores absolve themselves of the high-price charge. The largest pass along a commodity decrease as soon as it is announced. Chains are bearing down hard on the price argument; are using it to boost their own brands at a time when the housewife is counting pennies.

It is alleged by chain executives that many items on which retail prices are being forcibly upheld are brands most heavily advertised. National brand companies retort that they have cut as much as they are able, that cuts on case lots are sometimes not passed along, that costs prevent drastic slashes, that consumers are willing to pay more for advertised brands to get protection in quantity and quality.

To show exactly what has happened, take one of the great items of human sustenance—flour. It happens to be one of the grand commodities on which figures are available all the way down the line.

It is interesting to note that in spite of the labor and distribution costs that enter the product on its journey from wheat-field to kitchen table, the chain store is able to make a reduction in the final product approaching the percentage of the original commodity. (36% decline for wheat; 28½% for bread.)

The commodity and wholesale figures are from Bradstreet's:

	Aug. 1 1929	1930
Wheat, No. 2 Red winter, bu.	$1.57	$1.00
Decline in year 57 cents, or 36%		
Flour, winter, bbl., wholesale	6.60	4.10
Decline in year $2.50, or 38%		
Flour, 24½ lb. sack, chain store brand, retail	1.09	.85
Decline in year 24 cents, or 22%		
Flour, 24½ lb. sack, natl. advertised brand, retail	1.19	1.05
Decline in year 14 cents, or 12%		
Bread, wholesale in N. Y., loaf	.07	.07
Bread, retail, chain store brand, retail	.07	.05
Decline in year 2 cents, or 28½%		

The Great Atlantic & Pacific Tea Co. boasts that it immediately passes along a commodity cut to its consumers. Thus when coffee prices in Brazil went hell-bent for the bottom last December, the price of coffee in the 15,000 A. & P. stores immediately made a deep retail cut. The company accepts the loss upon goods in stock bought at the higher figure.

A High Hurdle

Here is a hurdle which the mighty A. & P. can take with ease. Over it the independent grocer with a shelf load of high-cost stock is financially unable to follow. The manufacturer of nationally advertised brands finds his more expensive selling methods an obstacle in the way of meeting such a cut.

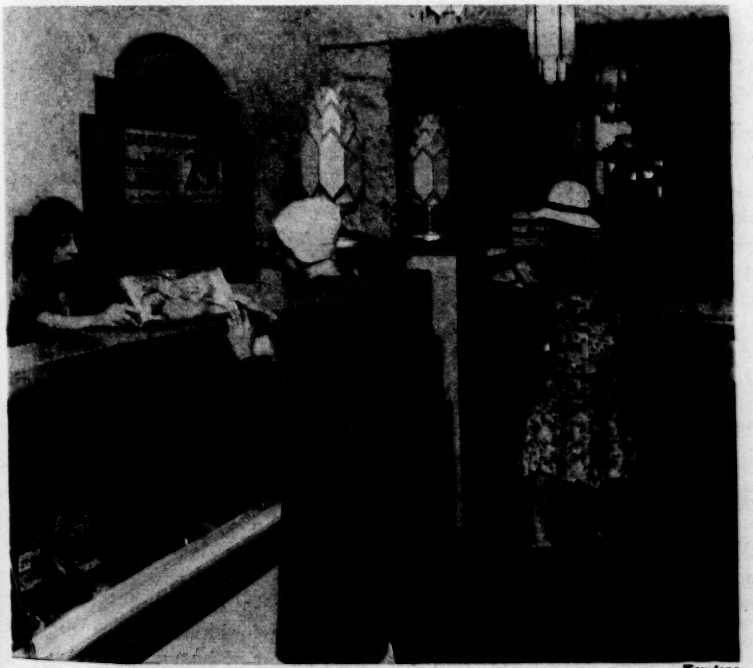
In flush times people buy the well-known brands. They can afford to indulge a belief that high-priced foods are best and to demand the label which insures them of uniform excellence. But in the days when the purse opens reluctantly, when bills are scanned with a cold eye, price becomes a powerful factor. In coffee the relative pull of price against national advertising can be judged by the figures of a New York chain store. This company estimates that last December the chains were selling 70% unadvertised coffee against 30% nationally advertised brands; the ratio has since dropped to 80% unadvertised against 20% nationally advertised. Of course, the chains push their own brands; the point is they have more success doing so in times like these.

Also it must be conceded New York chain stores are not typical; they pick choice locations in highly-congested areas.

Pushing Chain Brands

Billions have been spent to put the curse on the old expression, "Here's something just as good." A salesman using that line in a scientifically-run chain probably would be backed against the pickle barrel and shot. But there are diverse ways of killing cats.

A woman enters a chain store and asks for sliced bacon, naming an adver-



Keystone

BUTCHER SHOP? NO—A MEAT STORE

The sound of the knife and the cleaver is never heard in this newest meat market, Broadway and 77th St., New York. Carpet, not sawdust, covers the floor. Girls sell ready-trimmed meats in cellophane-wrapped packages

tised brand. The salesman puts it on the counter. Beside it he places bacon put up by the chain.

"This is our own brand," he insinuates.

"Is it all right?" asks the doubtful housewife.

"It's the best we can buy," the salesman answers, "Try it and if you don't like it you don't have to pay for it. It's 5 cents a pound cheaper." If the woman's family is feeling the pinch of the depression the chances are all for the chain store bacon.

Recriminations

The opposition raises the cry that this is unfair competition. To which the chains answer: "In many cases the private brand is every bit as good as the nationally advertised. Sometimes it is better. And speaking of unfair tactics—how about the ads now running in certain magazines and newspapers insinuating that if you don't buy nationally advertised goods you are likely to be stung on quality?"

The wholesale prices below give an idea of what has happened to several of the great commodities. They are furnished by Bradstreet's:

	Aug. 1 1929	Aug. 1 1930
Wheat, No. 2, red winter, bu.	$1.57	$1.00
Corn, No. 2, yellow, bu.	1.23	1.05
Flour, straight, winter, bbl.	6.60	4.10
Hogs, prime (Chicago) 100 lbs.	11.00	8.75
Bacon, smoked (Chicago) lb.	.16½	.16½
Bread, (New York) 14-ounce loaf	.07	.07
Coffee, Rio, No. 7, lb.	.15	.07
Potatoes, eastern, bbl.	5.10	1.75

To what extent have the nationally advertised goods reduced prices? Chase & Sanborn's coffee, one of the headliners of the Standard Brands merger, has cut until the retail price is more than 20% below last year. The same is true of Maxwell House, a star coffee of the General Foods group. Coffee prices were at their peak a year ago last spring when Maxwell House sold at 45 cents a pound wholesale; it is now 24 cents a pound. Sanka, de-caffeinated coffee, was reduced 8½ cents a pound wholesale.

General Foods Cuts

A statement from General Foods Corporation to *The Business Week* explains that it should be allowed credit for cuts made prior to last October—a policy which resulted in increased sales. Jell-O has been reduced from $3.03 to $2.50 per case to direct wholesale customers. Post Toasties were reduced from $3.00 to $2.50 a case before the depression. Swan's Down Flour, from $3.35 to $2.92 a case. Pearl Tapioca, reduced an average of 20%. Log Cabin Syrup, from $9.15 to $8.35 a case. Hellmann's Mayonnaise, reduced 18%.

Some Retail Prices

On the retail angle, *The Business Week* secured a comparison of 1929 and 1930 retail prices from F. L. Parsloe of the H. C. Bohack Co., operating 630 stores in Brooklyn and Long Island. The price decline of Bohack's own brands is shown against the price declines of certain nationally advertised brands:

	1929	1930
Bohack's bread, loaf	$.07	$.05
Flour, nationally advertised brand, 24½ lb.	1.19	1.05
Flour, Bohack brand, 24½ lb.	1.09	.85
Tomatoes, No. 3 can, standard quality	.18	.15
Corn, No. 2 can, standard quality	.10	.10
Peas, No. 2 can, standard quality	.12½	.10
Peaches, nationally advertised brand, No. 2½ can	.25	.23
Peaches, private brand, choice, No. 2½ can	.24	.19
Wheat cereal, nationally advertised	.13	.13
Corn cereal, nationally advertised	.08	.08
Spaghetti, nationally advertised, pkg.	.12	.12
Coffee, nationally advertised	.49	.43
Coffee, Bohack's Bocris, finest quality	.45	.33
Coffee, Bohack's good	.35	.25

No figures are available for the independent grocers or independent chains. Recent surveys indicate that the price differential in favor of chains against independents runs close to 12%.

Mail Order Prices

There is one other retailing agency whose prices are of interest to both chains and independents—that is the mail order house. Montgomery Ward and Co.'s "Grocery Bargain Book" for August, September and October, this year shows the late price reductions. This company handles few highly advertised brands.

	1929	1930
Tomatoes, 1 lb. 3 ounce can	$.14	3 cans for 30 cents
Tomatoes, 1 lb. per dozen	1.60	1.15
Peas, extra quality, per can	.22	.18
Peas, extra quality, per dozen	2.48	2.05
Corn, 3 cans	.29	.30
Coffee, Golden Ray, lb.	.45	.33
Coffee, a Mocha-Java	.57	.45
Ham. lb.	.32	.29
Bacon, lb.	.35	.32
Flour, 49 lb. sack	1.98	1.47
(Freight on flour prepaid last year, not prepaid this year)		
Macaroni, 10 lb. carton	.70	.69

Students of food retailing who are far enough distant to be safe from harm, watch with some amusement the present battle for the consumer's dollar. For years the big food producers fought for the business of the chains; cut prices to the quick to get big orders. The independent stores, wholesale or retail, were not cultivated with such assiduity. Now, the chains, grown mighty, are rebelling against the nationally advertised brands. They have reached the point where they are frankly attempting to substitute their own brands. They are attempting to build confidence in the chain to take the place of confidence in the national brand. Their strongest weapon is a lower price.

Underwood & Underwood

PERCY S. STRAUS

The president of R. H. Macy is caught without his glasses during a holiday at Hot Springs, Va.

Fewer Homes to Wire But More Refrigerators

INCREASE in electrical appliance sales is more than compensating electric light and power companies for the slowing up in the number of homes wired for electricity.

It is estimated that each electric refrigerator sold is equal in revenue to one new wired house. This year, while the number of homes wired is expected to drop to 800,000 from the 1929 figure of 880,000, electric refrigerator sales will reach 900,000, as against 630,000 in 1929. This means that, as

far as revenue is concerned, there will be the equivalent of 1,700,000 homes wired—a figure about equal to that of 1924 which saw the largest growth in number of wired homes ever recorded by the industry.

Utility officials, told of these facts through an analysis by *Electrical Merchandising*, say they indicate clearly that intensive rather than extensive cultivation of the market is the answer to the slower increase in wired homes to which some economists have recently pointed a warning finger.

Bell Buys Biggest Independent; 4 Million Phones Still Outside

THE Bell telephone organization absorbed its largest single independent competitor this week when it took over the Tri-State Telephone & Telegraph Company, of St. Paul. Tri-State with its 118,000 phones, serves St. Paul, numerous suburbs, a fat territory in southern Minnesota, and part of the Dakotas. It was owned by Theodore Gary & Company, of Kansas City.

The Tri-State has led a hectic career during the past few years. Patrons and stockholders are doubtless happy to see it safe in the arms of the mighty A. T. & T. When the Bell System set out to eliminate the nuisance of duplicating companies, its policy was either to sell its plant or buy that of its rival. In dividing the Twin City territory years ago Bell took Minneapolis and the northern part of Minnesota; relinquished to Tri-State St. Paul and the southern part of the state. Phones in both districts were inter-connecting.

St. Paul capitalists bought the Tri-State from the Lockhart interests of Pittsburgh for about $6 millions. A year-and-a-half later the local owners sold to the Gary company for about $16 millions. Now the Gary people sell out to the Northwestern Bell Telephone Company for an unannounced figure.

Such transactions must have the OK of the Interstate Commerce Commission and of the state public service commissions. In this instance, the Minnesota Railroad & Warehouse Commission is displaying considerable curiosity. It announces that it will examine into the earnings of both the St. Paul and Minneapolis telephone companies. Also it is considering protests against the 10-cent toll for calls between St. Paul and Minneapolis.

Sells "Wired Radio"

Tri-State has been a leader in selling "wired radio" service to subscribers. Its subsidiary, Program Service Company, operates a broadcasting studio which retails continuous programs over wires to phone users. Loudspeakers are rented from the company and operate from the phone wires. There is no static and no home receiving set. Hotels are large users. Everyone is wondering whether the Bell will continue this service; it has so far shown little disposition to adopt the wired radio idea.

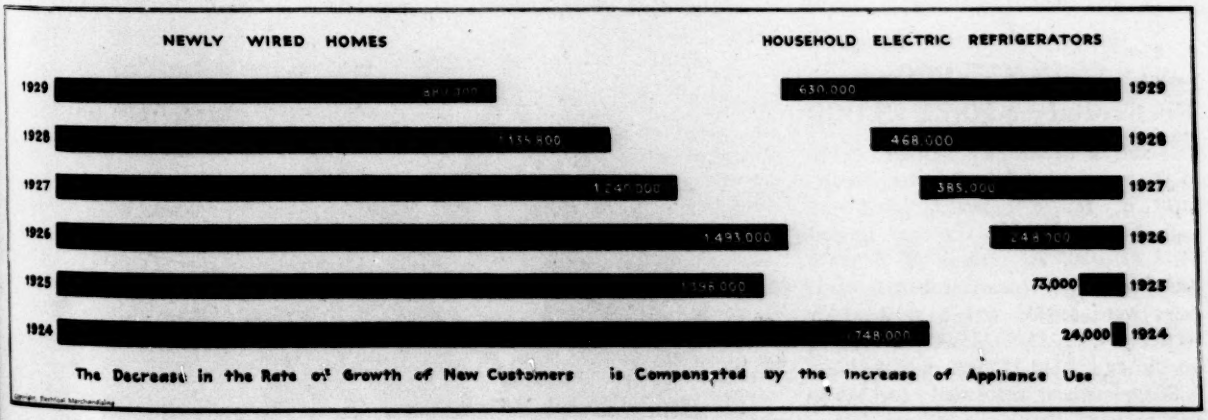
Acquisition of this large company by Bell reminds those familiar with the situation that the colossus is still a long way from being a monopoly. While there remains but one of the greater cities with competing service (Philadelphia with its 45,000 Keystone phones) there is many a phone hook which, when removed, flashes in an independent exchange.

On June 30, this year, there were in the United States 15,690,000 Bell telephones against 4,553,000 non-Bell. Of the 20 million total, the non-Bell is 23 per cent. Only 108,000 of this grand compilation do not connect with the Bell lines; they comprise mostly small farm exchanges in isolated districts. (The largest single contribution to the non-connecting phones is the Philadelphia company already referred to.) Competing services operate through 7,550 companies. Bell has 25 subsidiaries which form its operating group.

Helping Competitors

Since interconnection has become almost universal the Bell interests have shown a fatherly solicitude toward independents. It is the goal of the company to make every phone in the country available for every other phone. If service on one of the independent connecting lines is fuzzy and customers kick, faulty operation by the competing line may be charged to Bell. Every effort is being made to perfect phone communication regardless of ownership. Bell technicians help work out problems. Financial aid is sometimes extended.

Often it is the independent company which, through its officers or stockholders comes to the A. T. & T. with the plea to be taken into the fold. Not always is the prayer granted. The cap-



Electricity is so widely used now that the number of homes newly wired each year is less, but total domestic use of current keeps growing. The sale of a refrigerator, for example, is equivalent, in load and revenue building, to adding an average home to the utilities' customer list

tains of the greatest business organization in the world are too astute to overlook the psychological animosity they might arouse if Bell ever became a 100% monopoly. That word has a nasty vibration against American eardrums and the telephone business is built on sound waves.

There are many populous communities served efficiently by non-Bell wires. In some, Bell sold out to a competitor, reserving the right to inter-connect.

In Rochester, Bell sold to the Rochester Telephone Corporation which counts 100,000 mouthpieces. Bell also sold out in Lincoln, Nebraska, where the independent has 80,000 phones. Another large competitor with interchangeable service is the Dakota Central with about 45,000 phones.

Back in those dear dead days when we were speculating in the country's rosy future there was a movement toward merging and re-capitalizing the independent phone concerns. Many of the resulting holding companies are now continuing on a sound basis. One of these, the Associated Telephone Utilities system of Chicago, recently announced that its expenditures for extensions and improvements this year would be 40% above last year and amount to $7,000,000.

This seems a large figure until it is placed alongside the Jungfrau of the Bell spendings. Walter S. Gifford, president of the A. T. & T., announced early this year that his company would spend about $700 millions for extensions and improvements during 1930. (This compares with $633 millions for 1929.) On July 1, last, Bell investment in plants and equipment was $3,963,000,000; non-Bell was $467,000,000. Non-Bell percentage of investment is 10½, against 23 per cent of the phone totals.

Lost—$948,257,000; Recovered—$106,245,000

THE toll of bankruptcy increased 7.3% in the year ended June 30, the Department of Justice reported this week. Liabilities in 62,945 failures totaled $948,257,000, an average of $15,088 each. Average amount realized when cases were settled was $1,690 which works out to $106,245,000 recovered on the full $948,257,000 involved.

Wage-earners accounted for more bankruptcies than any other class—29,067; merchants for 13,850; farmers for 4,472; manufacturers for 1,386; professional men for 1,378.

Anthracite From Bituminous; But It Must Find a Market

ONCE more an attempt is to be made to convert bituminous coal into high-grade anthracite on a commercial scale by the low-temperature carbonization process—this time in Chicago under the auspices of Thomas Hitchcock, Jr., international polo player, and C. E. Poyer, grand-nephew of Thomas A. Edison.

Sponsors claim that their secret process, the invention of Charles S. Lomax, chemical engineer, will produce a high-grade smokeless fuel for domestic use at a retail cost of $3 a ton less than anthracite; that it furnishes 2 or 3 times the quantity of by-product coal tar produced by high-temperature carbonization, and large amounts of high-heat-value gas. The Chicago plant (capacity 600 tons a day) will, it is announced, start with bituminous coal from Illinois and Indiana with volatility of 36% and end with an artificial anthracite with volatility of 12%. It is claimed that from every 2,000 lbs. of raw material, 1,400 lbs. of char is produced to which is added petroleum asphalt as a binder to form a pillow-shaped briquet.

Natural anthracite is costly in Chicago. Apparently, the Hitchcock enterprise plans to go after the household market in that limited area.

Chemical and combustion engineers point out that development on any greater scale is unlikely. Between 2,000 and 3,000 patents are on file in Washington involving low-temperature carbonization, none of which has been commercially successful.

The difficulty has been that almost limitless supplies of cheap natural fuels are available, and the market for the by-products, coal tar and gas, is small.

The solid product from low temperature coal processing, must compete under boilers with pulverized coal, which is worth not more than $2.50 per ton plus freight, or confine its competition to household fuels.

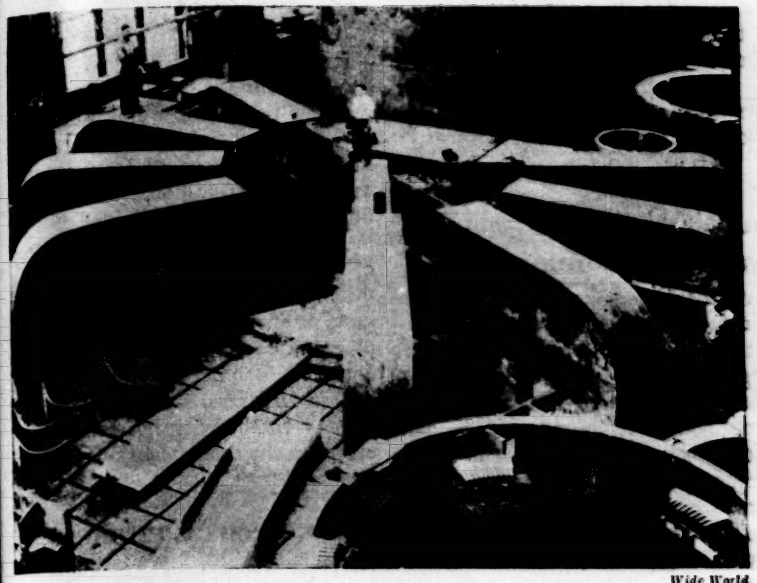
The latest outstanding attempt to produce processed coal by the low temperature carbonization process was made by the International Combustion Engineering Company under very favorable circumstances at New Brunswick, N. J. Outlets were found for the by-products, both coal tar and gas, but even then the attempt was unsuccessful to the tune of several million dollars. Similar results were suffered in the Consolidation Coal Company's attempt a few years ago.

In Germany, France and England, such projects have been more successful; light tars and oils sell better there.

International News

POLO AND COAL

Thomas Hitchcock, Jr., international polo player, is one of the sponsors of the Lomax plan for the production of anthracite from bituminous



Wide World

THE RIBS OF THE WORLD'S BIGGEST GENERATOR

One of the nine hydro-electric generators being built by General Electric for the Dnieper River project of the Soviets. Each is rated at 77,500 kva., 12,500 kva. more than the next largest—those at Niagara

Treasury Admits Income Taxes May Go Back to 1928 Rates

PROSPECTS for continuation of the 1929 federal income tax rates cuts are going a-glimmering so rapidly that Treasury officials this week admitted the likelihood of restoring 1928 rates. They're "not certain" yet and, of course, won't be until after fall elections, but 7½ months of 1930 makes gloomy reading for actuaries. Under-Secretary Ogden L. Mills announced last spring that the Treasury would have nothing to say on the subject until Congress meets in December. So the hinting this week looks like an attempt to pave the way for bad news. Hints in such form obviously are not for political consumption this fall.

It is barely possible that the Treasury may be following the policy of warning against the worst to make people thankful for whatever happens. The Treasury has done that before. Some factors work in favor of lower taxes. (*The Business Week*, August 13, Page 13.)

The decided drop in revenues is the Treasury's most serious problem. Total ordinary receipts for the first 1½ months of the fiscal year are 22% below the same period last year. Customs receipts, despite higher tariff, are barely more than half of what they were in the same period last year and current foreign trade offers no hopeful sign for the future.

The prospects are for much smaller income tax payments, and Uncle Sam derives more than half of his revenue from that source. The government's year runs from July 1 to June 30. Income taxes are paid quarterly, mostly for calendar years. Result: Income tax payments for the September and December quarters are the two final installments for 1929 but the first two payments in the government's year. They are expected to hold up well.

The last two payments in the government's year, made in March and June of next year, will be the taxpayers' first payments for 1930—and 1930 is the difficulty. Corporation earnings for the first half of the year are off 25%. That reduction in corporation income taxes would amount to about $250 millions for the calendar year and half of it would fall in the present government fiscal year. No measurement exists for individuals, but wages cuts, smaller stock market profits, slower real estate markets and a reduced business net are clear indications of what can be expected here. With 7½ months gone, even the expected business pick-up cannot go far to recoup losses so far as 1930 is concerned.

Expenditures are rising in the face of falling revenues, but President Hoover's vigorous drive against government costs has held down the increase. Total ordinary expenditures are only 7.3% above a year ago for the first 6 weeks of the fiscal year. Total expenditures are 10½% less than last year, but this is due entirely to postponement of purchases of government securities for the debt reduction sinking fund as provided by law. This delay is due to the premium which the securities market has put on governments. Even with this postponement the Treasury's deficit thus far is about $231 millions, $7 millions higher than a year ago.

Bank Advertises "No Securities for Sale"

CENTRAL Hanover Bank and Trust Co.—fifth largest bank in New York, resources $800 millions—is making a promotion opportunity out of the fact that, unlike most other large banks, it doesn't operate a security-distributing company on the side. In a special folder issued this week it says:

"Central Hanover has no securities for sale. Whenever we are called upon to invest money for our clients, we are free to choose securities from the whole investment field. Only with this freedom, we believe, can we choose the securities that best suit the needs of each individual client.

"Since Central Hanover has no securities for sale, customers are not importuned to buy securities of any kind. Impartial and experienced investment advice, however, is available when desired."

Officials of banks that do have security-distributing adjuncts (*The Business Week*, August 13) read the folder with interest.

To Discover How Long A Blanket Should Last

WEARABILITY of wool blankets will be tested by the U. S. Bureaus of Home Economics and of Animal Industry. Promise is to be checked against the performance of blankets of the white "institution" type woven under controlled conditions of fine and medium wools of known quality from sheep at the Dubois, Idaho, Station.

Group Banking Makes Gains in the Southwest

DEFINITE headway is being made in the direction of group banking in Texas and the Southwest. Taylor, Easterling & Co., Tulsa, Oklahoma City, Dallas and Wichita, Kan., announce plans for the establishment of a chain of banks throughout Kansas, Oklahoma and Texas. This group which started with a nucleus of 2 banks 4 years ago, intends to include about 20 institutions of varied sizes in Texas, about 15 in Oklahoma, several in Kansas. It will operate with separate corporations in each state, under the direction of a holding company to be known as the United States Bank Shares, Inc., controlled by Taylor, Easterling & Co. Banks to be taken into the group will be purchased following completion of examinations now under way.

Other Southwest banking groups have been expanding. The Republic National Bank and Trust Co. of Dallas controls 12 or more banks through representatives on their boards of directors or by outright purchase. Mercantile Bank & Trust Co., of Dallas also has a number of small affiliated banks throughout Texas. First National Bank of Dallas has placed officers on the directorate of other banks and, in several cases, owns a controlling interest in these banks. Other banking groups have extended their influence throughout the rural sections.

Small banks in this territory are, as a rule, glad to affiliate with large city banks because of the wider scope of operation thus opened to them.

Final Tariff Decisions Await New Commission

FINAL shaping of tariff policy under the new law still awaits the appointment of a new Tariff Commission. Reorganization is required by Sept. 17 if the President is to remake the now potent body. It may come sooner. Difficulty is being encountered in securing proper candidates. At least 3 prominent citizens are known to have turned down the chairmanship—and the certainty of a fight for confirmation by the Senate.

Meanwhile the old commission is running through routine preliminaries so that an immediate start can be made on flexible cases and other important work as soon as the new group takes office. With the heavy burden of requests imposed by the Senate, the personnel in all divisions will have to be expanded, but applications for jobs cannot receive definite action till the commissioners are appointed.

Flexible reports on olive oil, laminated products in sheets, blown glass tableware, and dried eggs, apparently including albumen, have been requested since last month.

The milling-in-bond provision of the new law permitting a drawback of duty for imported sugar and non-ferrous metals used in products for export trade calls for clarification. Manufacturers hope they will be permitted to bring in raw sugar, for example, at any port of entry and receive a drawback on shipments of refined sugar from the same or any other port. It is no longer necessary to re-export the same goods imported in order to receive a refund but, so far, transfer of credit from one port to another has not been allowed except in the case of lead refining.

Obsolescent Equipment Still a Heavy Handicap

OBSOLESCENT machines and equipment continue to be serious hazards to profitable operations in many plants and industries. The survey now being made by *American Machinist* among hundreds of metal-working plants in 20 major industries discloses that, while some progress has been made since its former survey in 1925, industry still uses too many obsolete pieces of machine equipment to make highest efficiency possible.

The first 2 surveys completed cover agricultural implement plants and railroad repair shops. In the former the proportion of equipment over 10 years old was 64% in 1925; has decreased to 55% this year. In railroad shops old equipment made up 65% of the total 5 years ago but has increased to 72.5% in 1930. In 1925 the average proportion of 10-year-old equipment in all the industries surveyed was only 44%.

The surveys reveal an unusual example of what can be accomplished with modern equipment in the locomotive repair shop of the Chesapeake & Ohio Railroad at Huntington, W. Va. Here, modern methods of layout, operations, and planning have been joined to new and efficient equipment to set new records of time and cost in locomotive repairs.

The shop can handle 50 locomotives a month, complete the average major repair job in 4 hours.

The difference between the shop equipment provided at Huntington and that carried in other repair shops, as indicated by the *Machinist* survey, about measures the probable time and cost increments by which the former can beat average operating performances throughout the industry.

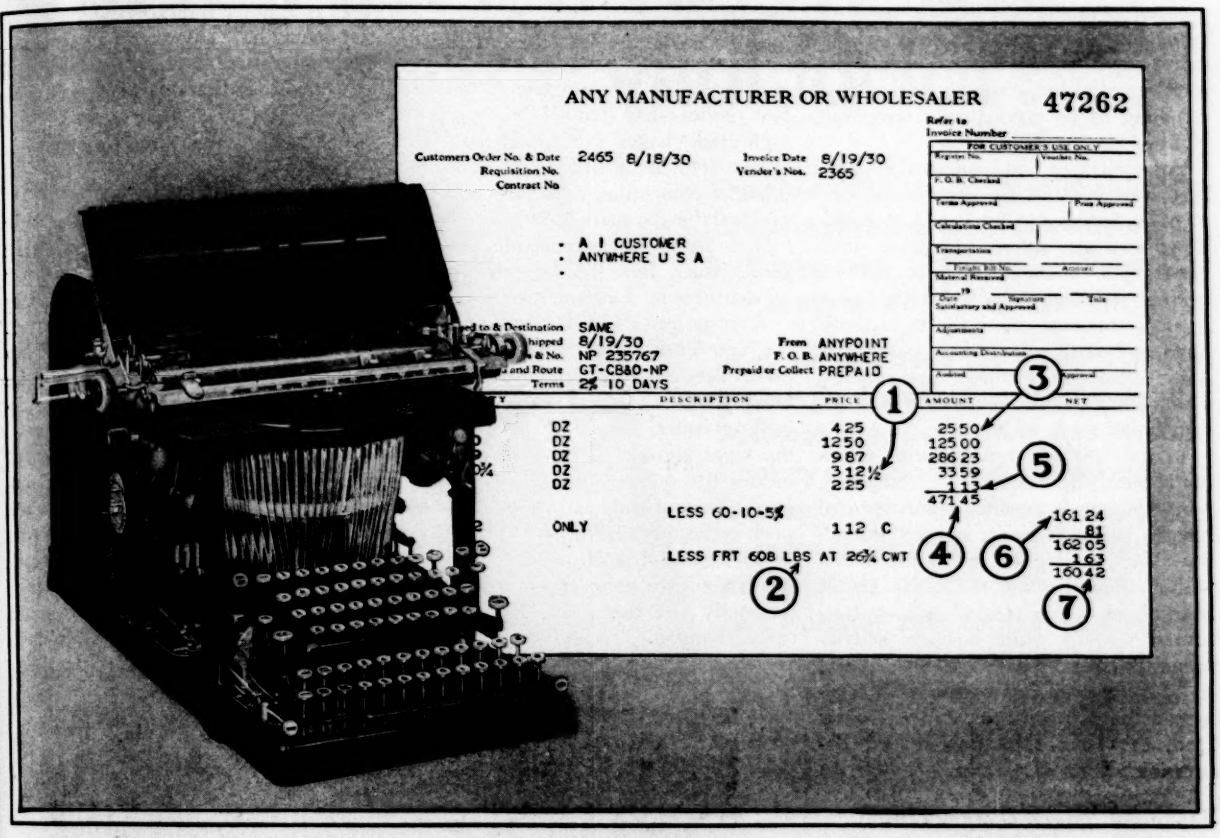
Keystone

GOLF IS GOOD FOR BUSINESS

Miniature golf courses have sprung up like mushrooms. The Department of Commerce counts over 25,000 of them. Cotton goods and fencing have felt their advent in a dull season. This one, in New York's theatre district, occupies perhaps the most expensive site of any.

Burroughs

BILLING MACHINE



Writes and Figures the Bill—Completely

The only machine that typewrites the invoice, extends every item by direct multiplication and prints its own results and totals.

Compare your present billing procedure with these seven outstanding advantages offered by Burroughs Billing Machine.

1. **Handles fractions in price or quantity.**
2. **Calculates and subtracts amounts of freight or other charges.**
3. **Extensions computed by *direct multiplication* (not repeated addition) and printed by the depression of one key.**
4. **Extensions automatically accumulated, and total printed by depressing one key.**
5. **The long underscore line above the total printed by a single depression of the underscore key.**
6. **The net extension computed by *direct multiplication* (not repeated addition) and printed by the depression of one key.**
7. **The net amount of the invoice printed by the depression of one key.**

Call the local Burroughs office for a demonstration, or write

Burroughs Adding Machine Company, 6168 Second Blvd., Detroit, Mich.

BACKED BY WORLDWIDE BURROUGHS SERVICE

Rise in Bond Prices Called Precursor of Business Recovery

Upturns in This Market, Similar to the Present One, Have Signalled the Close of Previous Depressions

THE bond market report is being pointed to as the first definite statistical precursor of business recovery. Bond prices have moved upward almost uninterruptedly for a month and a half, too long to be classed as a temporary "bulge."

An upturn in bond prices always has been an important forecast of improvement in business. Stock and commodity prices are other significant indicators, but neither of these has yet moved definitely up. In the past, though, upturns in business activity, bond and stock prices have occurred in quick succession within a few months. Commodity prices frequently have accompanied them on the rise.

In the 1907 depression, with which the current one frequently is compared, bond prices began to climb several months before business activity, though the sharp decline in the latter halted within about 2 months after bonds strengthened. In 1904, bond prices turned upward while business activity was at the bottom of a U-shaped curve. In 1921, they started to rise after business activity had begun to pull away from the bottom of a V-shaped depression.

Second Advance Longer One

Bond prices experienced a sharp upturn in March, when in 2 weeks, they gained 2.14 points, according to the Dow, Jones average of 40 leading issues. But the movement proved temporary and prices fell off. Another advance began about July 1, has netted about 2½ points thus far and has been sustained more than 3 times as long as the earlier one. Since most active trading in bonds, as in stocks, nearly always occurs when prices are nearing their high, the fact that volume of trading has not increased appreciably so far in the current upturn argues that the rise will continue.

Institutional buying has accounted almost completely for bond market strength to date. Slow business has piled up inactive money in commercial and savings banks, while dull building has turned insurance companies to bonds. Investment trusts and other financial companies are also active buyers.

Institutional buying—most banks and many insurance companies being limited by law to the purchase of only the best issues—has tended to push the high-grade issues farthest ahead. But unrestricted investment trusts and other financial companies, as well as some individuals in the market, attracted by the higher yields offered outside the top-grade issues, have carried other classes of securities in the same direction.

Average price for all bonds listed on the New York Stock Exchange rose 1.88 points between Jan. 1 and Aug. 1. The Dow, Jones average prices, based on 40 leading issues, rose 2.17 points during the same period. This comparison indicates the selective nature of the buying. During July all bonds on the stock exchange went up 0.55; the Dow, Jones averages, 0.74. Since that time the latter have gone about ½ point additionally and the whole list has continued to gain.

Foreign issues have been slightly stronger than American ones, foreign bonds having risen 2.90 in 7 months; American bonds, 1.26 points. August gains were in about the same proportion. Two factors account for this difference: (1) Foreign issues have generally higher yields; (2) The foreign section of the list has had to absorb fewer new offerings.

However, this number of new offerings is another indication of bond market strength. This year's total of new flotations has vastly exceeded last year's with indications 1930 will establish an all-time high record. And prices have risen in the face of this.

Long-Term Aid

A strong bond market militates for good business by providing funds for long-term usage. Weakness of bonds last year forced delays and temporary financing of long term expenditures. These now are being consolidated into bond issues. The improvement in the market for foreign bonds must inevitably help our foreign trade.

Of course, the bond market cannot rise indefinitely. The high in such an upward price trend during a business depression usually comes sometime after business has recovered. Increasing commercial demand for money leads institutions to sell their issues, depressing, or at least weakening bonds again.

Pacific & Atlantic

ANTHRACITE SIGNS A PEACE PACT

Richard F. Grant (left, front row) representing the anthracite operators, and John L. Lewis, president of United Mine Workers, receive the congratulations of the miners at Scranton

in your Literature as in your Business CRAFTSMANSHIP is a vital factor!

The New Booklet, "Craftsmanship in the Mass Production of Hard Bound Books and Catalogs" will be sent you without obligation.

So great has been the interest generated in favor of more efficient business literature, that the W. B. Conkey Company felt called upon to provide the business man with a more complete and adequate explanation of the true meaning. This booklet sets forth in a simple understandable manner the factors governing the mass production of hard bound books and catalogs . . . a presentation of facts which every sales executive should have at his finger tips.

You may have your copy of this booklet . . . without the slightest obligation on your part. It is itself a splendid example of the Conkey theory of craftsmanship . . . It is truly indicative of the type of literature that the new order of business demands.

W • B • CONKEY CO•

Printers, Binders and Book Manufacturers

HAMMOND, INDIANA
SALES OFFICES IN CHICAGO & NEW YORK

Myron C. Taylor Applies The Quaker Touch to Steel

New Policies of World's Biggest Corporation Show The Business Ability Traditional to the Sect

VOLTAIRE, whose epigrams tempered the otherwise unbearable tyranny of a century, entertained real respect for only one sect of men. Nobody in polite or intellectual society had ever heard of them until he discovered them while in exile in England. He declared that these men alone had wisdom, moderation, dignity without bombast, love like that of Jesus. Shrewdly did the great cynic note that these sweet men in all their high reasonableness were somehow incidentally terribly good at affairs, great affairs, even at business, or "money-getting" as it was then crudely called.

There were few of them in Voltaire's time and there are still few in ours but one of them today occupies the most conspicuous political position in the world and another one holds the world's most conspicuous corporation job.

Until Herbert Hoover became a candidate for the presidency nobody knew that he was of this unique, reasonable, successful sect. When his illustrious coreligionist emerged in Wall Street nobody even noticed the fact of his spiritual origin. Myron Charles Taylor, Quaker, glorifies, too, that race of William Penn men whose talents have often outdistanced even those of the Puritans.

He Looks His Creed

To those rare observers who know a Quaker when they see one Myron Taylor looks his creed just as Herbert Hoover does. He might be one of those precious Englishmen described so neatly by Voltaire—large, vast, calm, grey, with the rosiness of the pure, with that blueness of eye of men who do not know that they are particularly honest. His get-up, too, is in the instinct and within the tradition. A double-breasted blue serge suit like your own, and like President Hoover's. No accoutrements, no decorations, no jewelry, no hardware of any kind, not even that most national of costume bits, for Taylor, like Hoover, has managed somehow never to have been sold any spectacles. His manners are too good to be visible, like good art. His voice, also, is one of that perfect kind which one cannot remember, just a voice without any effects in it. He looks, in short, like the American Ambassador that never was, but who might possibly be, now, under another Quaker.

His rise has been very queer, as was Hoover's. There have been no spectacular moves in it. The oft-whispered thrust that George F. Baker, the elder, made him is a canard, for what man knows what that inscrutable ancestor thinks or does? Certainly no Morgan House spotlight was trained on the grooming of the commander of what is the Gibraltar of the Morgan Empire. True, Mr. Taylor was born of ancient lineage, which might give pleasure to bankers interested in genealogy. But, if he lives today on the estate which John Underhill from Shakespeare's own Stratford farmed in 1640, he has had to find the money to buy it, for, even if he was not born picturesquely poor, he did come into the little household in Lyons, Wayne County, New York, in a financial state which Wall Streeters call less than so-and-so many figures. His Cornell education, arts and law, was doubtless average.

Wide World

MYRON C. TAYLOR

The Chairman of the Finance Committee of U. S. Steel is seldom photographed. This was taken when he was made Doctor of Commercial Science by New York University

Although he leads off his Who's Who autobiography with the self-definition "Lawyer" he might better have started at the end of his list, "Society for the Improvement of the Condition of the Poor. Quaker.", for his legal practice has been limited to the unravelling of the hopelessly tangled affairs of business men whom he was to replace in power and influence. His first hundred dollars came by chance from seeing a curiously intriguing advertisement in a newspaper about some oil property or other. He got really started in textiles.

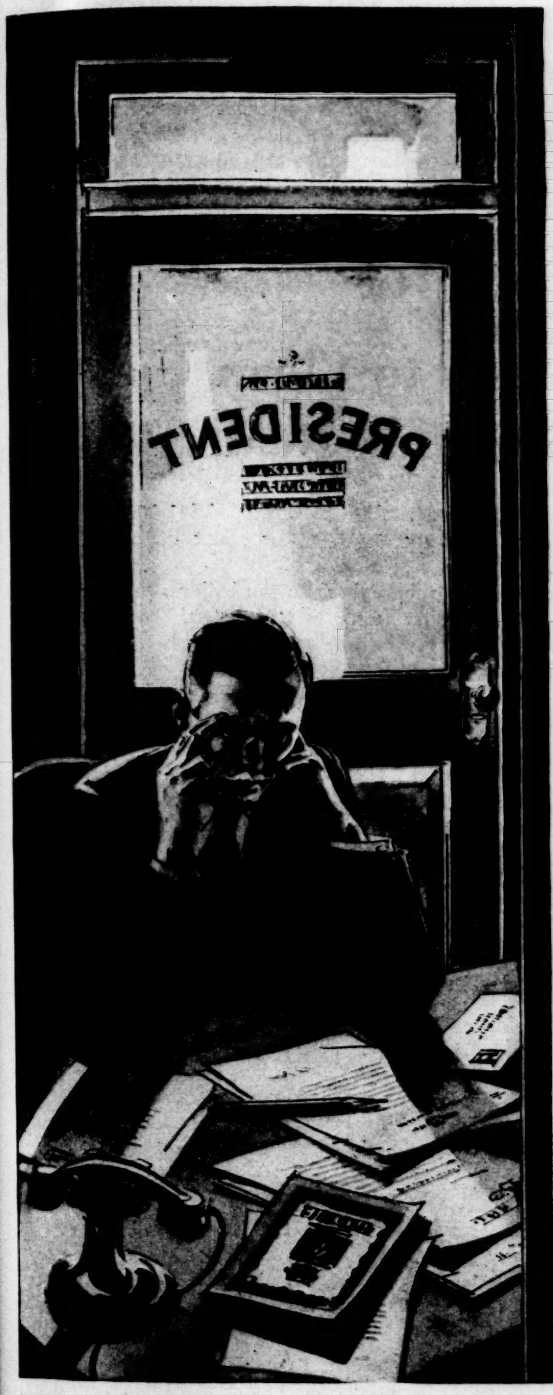
Today, his bare little offices in the Equitable Building house a going concern whose legal entity is named Myron Taylor & Co., Inc., about which all that is known is that it is enormously rich, enormously diversified, notoriously without any & Co. And on the glass door there are two little words:—"Mr. Taylor." And that's all.

Changeless Offices

Across Broadway on the seventeenth floor of the Empire Building, overlooking Trinity Graveyard and the ominous harbor at once, is a little suite of bleak office rooms, about the size of a $200 flat in the Bronx. The antique glaze of the quaint, left-handed door bears no man's name. Inscribed instead is the simple legend, "Chairman. U. S. Steel Corporation." Therein the public half of Myron Taylor has its being. For to be head of the largest company in the world is this man's half-time job.

Significantly this chairman's suite is as exactly the way the revered departed left it as would be sentimentally kept the bedroom of a distinguished and beloved husband and father by his respectful heirs. The whole place reeks of Judge Gary. The long, graceless table with its square yard of green blotter at the end; the absurd roll-top affair in the corner, now religiously furled up and locked, awaiting the curiosity of some future antiquarian Ford; the gawky, staring chairs with their Grand Rapids mien distanced director-wise along the tolerable length; the very teetering rollered chair out of which the amiable and philosophizing Judge one late day crashed backward to hit his head against the hideous radiator, accident which perhaps determined his death.

It will probably never be known by what strange means Taylor succeeded Gary in this quaint throne-room of affairs, for the House of Morgan publishes no biographies, nor has outsider yet written biography of the great Mogul of that dynasty. But what is al-



MANUFACTURING COST Worries?

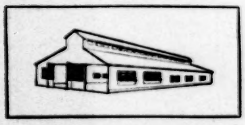
Pressed Steel has Solved many such problems . . .

MANY manufacturers faced with the problem of reducing production costs have turned to pressed steel as their solution.

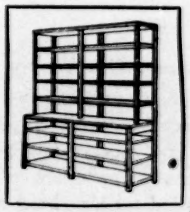
If you are using old fashioned parts in your product, in the majority of cases you will find that you can press them from steel, improve appearance and strength—effectively reduce weight, breakage and manufacturing costs—in some cases as much as from 10% to 25%.

It is this ready adaptability of flat rolled steel which has brought about its wide usage in all types of products. For illustration, if you are expanding your plant and do not wish to tie up too much in fixed overhead, look into the possibilities of standard steel buildings, steel office and toilet partitions, and steel shelving.

It costs nothing to know whether or not these products can meet your needs. To find out, simply address Trade Research Division, National Association of Flat Rolled Steel Manufacturers, Terminal Tower, Cleveland, O.



Steel buildings save time, labor and money in erection and resist fire. Because they are standardized, prompt shipments are made.



Steel shelving saves 16⅔% storage space; is fireproof, has high salvage value and is readily adaptable to any need.

Save Money $ Weight Steel Time with Pressed Steel

ready known, though to only a few, as yet, is what Taylor has importantly done which Gary did not or could not do, but which he perhaps prepared. There are several points:—

(1) Taylor has definitively taken the Steel Corporation out of office—as out of table—talk in the United States. He has done it by stopping the talking policy himself. The Judge talked for a quarter of a century like the Christian hired man that he was accused of being. He never quite got over Roosevelt and 1911. In his subtle and sensitive mind there always seemed to be something left over to be explained.

Fiscal Policy His

(2) Taylor, whether banker-named or not, has ousted banker management from essential finances. It was he alone who determined and initiated the famed policy of retirement of bonded indebtedness through issuance of more common stock at moments when the security markets made it possible to use speculative sheep in the more permanent interest of sturdy stockholder folk. The possible enrichment to the company through this policy was, is, and will be of almost incalculable proportions. It is a strategical move of the first magnitude.

(3) Taylor has deftly let his competitors in for what used to be Great Steel's bitter fare. Look at the Youngstown-Bethlehem squabble today, payroll posting before the universal industry club, lawing, suing, injunctioning, testifying and counter-testifying! Remark the whole Eatonic meteor with its trail of sparks, steel sparks. Plenty of rope, would look like Taylor's motto, and plenty of bad industrial weather to swing it in. Perhaps it will be found at the end of the horrendous session that a quiet Quaker will turn up with the choicest prizes.

He Knows His Europe

(4) Not for nothing has Taylor lived so many vacations in his charming Florentine villa. Gary looked at Europe through the excellent plate glass windows of a whole chain of Ritz Hotels. Taylor gardens in Europe, speaks at some of its tongues, an influence noticeable in his rather Ciceronian style. In the only interesting European development for our steel he has got the long end. He let Russia have steel, yes, and perhaps just a little bit before the others did, and on just as sweet terms. But he is getting something back—manganese that will make more steel.

(5) Last, though one could go on some more, Taylor quickly saw the particular line in steel which would permit of instant and colossal expansion in good times or bad. It was pipe.

National Tube's new Chicago outfitting is one of the wonders of this year and last. Uncannily he must have foreseen the new natural gas business and the gasoline pipeline development even before the regular oil men took it well into account. Some people may be stuck with too many rails; others with too many structural shapes. Not Taylor. He has rushed through pipe's great programme and he is tranquilly sitting tight, and very pretty indeed.

To the accustomed eye and ear Taylor looks and sounds the statesman of the ambassadorial type, no orator, no electioneering target, no dickerer on issues, an appointive dictator purely.

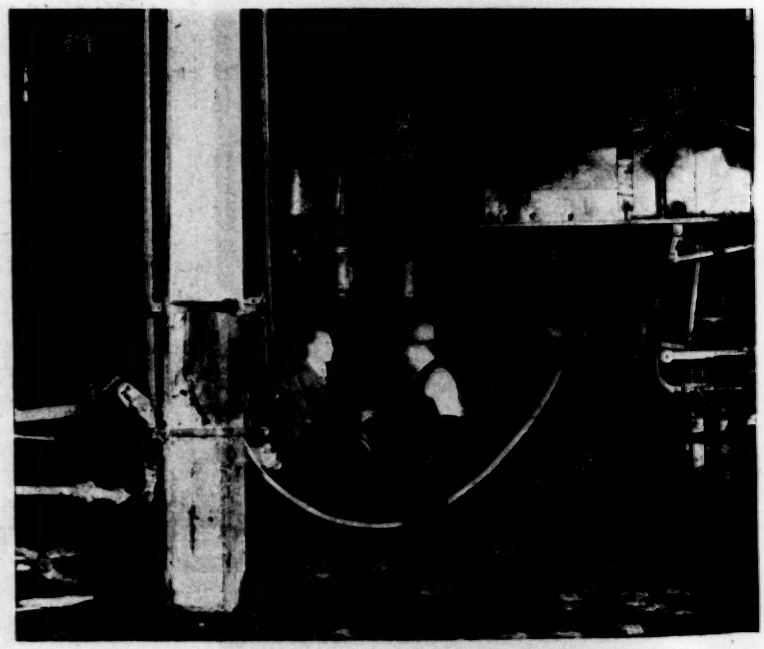
Chicago Starts to Clean Up $250 Million Bad Realty Bonds

A QUARTER billion dollars of real estate mortgage bonds on Chicago property are now in default, estimates Louis K. Boysen, president Chicago Mortgage Bankers Association, vice-president First Union Trust and Savings Bank. Other insiders say this estimate is low. Chicago Title & Trust Co. alone has on deposit $65 million of bonds, representing defaulted obligations that total $150 million, not all on Chicago property, however. The situation, possibly not in such exaggerated form, is to be found in other large cities.

Overbuilding, extravagant loans, are largely to blame. Vacant office space in Chicago is 4,451,000 square feet, 17.67%, or about double normal vacancies.

Mr. Boysen believes that the time has come to talk turkey. Too much secrecy is one evil to which he points. A number of houses have been meeting payments on defaulted issues without revealing to bondholders the real situation. This questionable practice is less common than it was, however.

"Smoke out all issues in default," Mr. Boysen urges. "They are bound to continue sick without a major operation. We do not want the situation to drag over a 10-year period as has



A GAS STOVE FOR THE ROUNDHOUSE

The Santa Fe burns natural gas in its Bakersfield, California, roundhouse; saves 5% over oil. Overhead pipelines and flexible connections make short work of warming up the locomotives for service

been the case with farm lands."

The major operation which competent real estate bond surgeons usually perform is to secure deposit of bonds outstanding, refinance by a moderate life insurance loan, give bondholders preferred stock for the rest of their investment, vest control in a competent trustee acting for preferred stockholders, take care of other equities by common stock.

Removing Basic Causes

While such surgery is under way, work is being done also to remove certain basic causes of the malady.

Recent arrangements made by the Chicago Real Estate Board with the Chicago Curb Exchange to supply an open market for real estate bonds will help. Traction unification, authorized by voters a few days ago and already under way, will not only stimulate property values and earning power, will also work to correct Chicago's bad habit of abandoning close-in districts as they grow old and building new ones farther out in their stead. (Geography has helped New York avoid this economic sin of American cities.)

Legislative Aid Needed

Three other remedies, requiring political action, are looked to:

1. Modernization of state foreclosure laws. "Illinois has the most archaic mortgage laws in the United States. They date back to 1845." Forced delays of 15 months to 3 years, with much added red tape, eat up equities in foreclosed properties and hinder businesslike reorganizations.

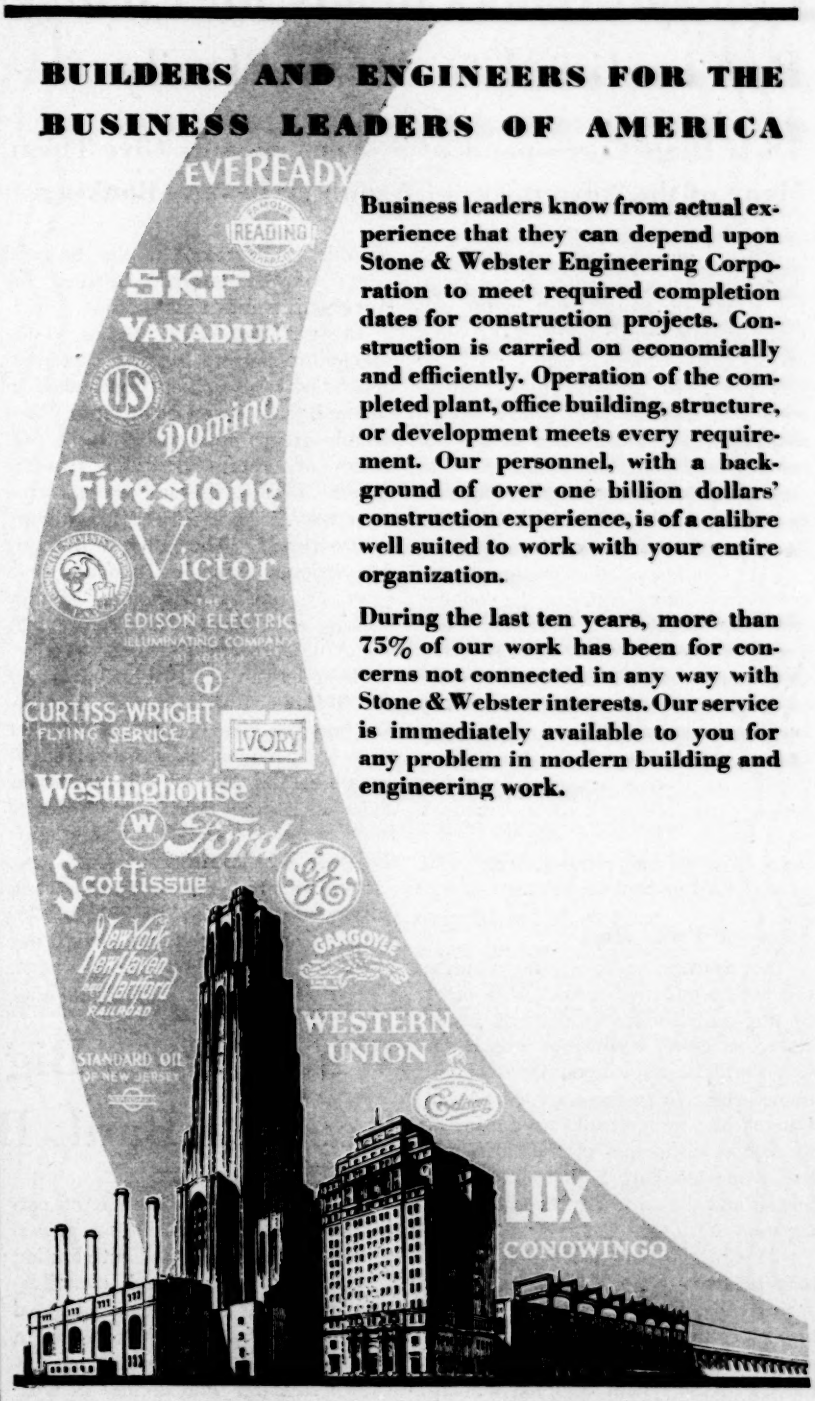
2. Lightening of real estate tax burdens. In Chicago and Cook County, real estate pays 87% of local taxes. An income tax, or some other way of reaching personal property, is to be sought.

3. Better city government for Chicago. The world's fair mayor is to be elected in the spring of 1931.

Artists Adopt Uniform Contract

ARTISTS have taken another move to make themselves a part of business. A uniform contract has been drawn up by representatives of the American Artists' Professional League and the American Art Dealers' Association. Besides stipulating the terms between exhibitors and artists, the new contract provides definite terms of sale, insurance, service, and charges.

BUILDERS AND ENGINEERS FOR THE BUSINESS LEADERS OF AMERICA



Business leaders know from actual experience that they can depend upon Stone & Webster Engineering Corporation to meet required completion dates for construction projects. Construction is carried on economically and efficiently. Operation of the completed plant, office building, structure, or development meets every requirement. Our personnel, with a background of over one billion dollars' construction experience, is of a calibre well suited to work with your entire organization.

During the last ten years, more than 75% of our work has been for concerns not connected in any way with Stone & Webster interests. Our service is immediately available to you for any problem in modern building and engineering work.

STONE & WEBSTER

ENGINEERING CORPORATION

A SUBSIDIARY OF STONE & WEBSTER, INCORPORATED

Chicago Banks Ready for Change But Inclined to Move Slowly

Their Huge Correspondent Systems Already Give Them Many of the Advantages of Group or Branch Banking

CHICAGO, second most powerful and influential financial center in the country, is moving more slowly in the current banking transition than any other major city. Chicago banks have no branches. No known groups extend outside of the city. But slower motion than shown by other cities should not be confused with backwardness. Chicago's position in the banking structure of the future should not be minimized. Four factors explain much.

(1) Chicago is the greatest correspondent banking center in the country, with the possible exception of New York. A recent study by the University of Illinois shows that one-third or more of all the 25,000 banks in the country keep balances in Chicago institutions. One of these alone, the $1,176-million Continental Illinois Bank and Trust, has accounts for one-sixth of the nation's total banks. The seven largest institutions have working arrangements with 33,000 foreign banking offices.

Strategic Value High

The strategic value of this position can not be underestimated. With many of the correspondents, relations are so close that either a group or branch system could be built upon them almost immediately. In maintaining the present system, the Chicago banks have many of the actual advantages of the closer system while avoiding both the responsibilities and the criticisms that would accompany it.

(2) Chicago must use the same care that prevents New York banks from openly expanding. The size and strength of both financial cities causes fear by the public that they will, in a more concentrated banking system, completely dominate. In the presence of that feeling, any steps toward further concentration taken by banks in either city will, at present, raise a tremendous political furore, even though groups in smaller cities expand over wide territories.

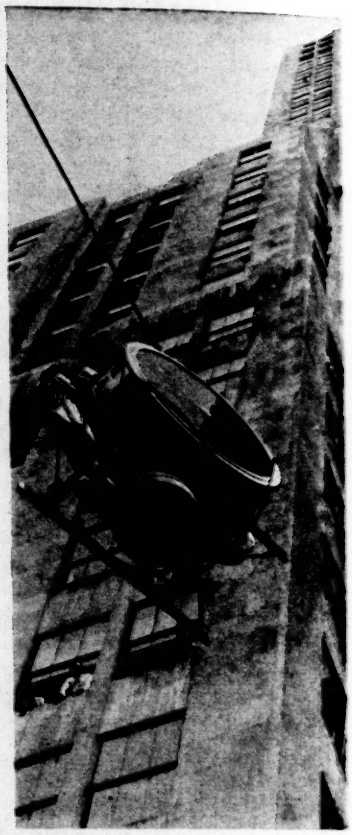
(3) Chicago is traditionally a unit banking city, adjusted over a period of years to this form through the correspondent system.

(4) Chicago is financially ambitious, eager to follow New York as closely as possible, to develop as the financial center of the territory between the Appalachians and the Rockies.

The past year saw a decline in the antagonism against banking concentration which was formerly outspoken in Chicago, as in many other cities. Two definite groups now exist with the possibility of others, all within the city as yet. Branch banking in restricted areas has fewer enemies, if not more open friends. The Illinois Bankers Association, formerly strenuously in favor of unit organization, is now working on a plan for voluntary grouping of unit banks.

The group of the National Bank of the Republic stands out in Chicago. The Foreman State National is the other large bank moving in the direction of grouping, and has several institutions under its wing. Both groups operate much as groups elsewhere—joint purchases of investments, conferences, etc.

The city's two largest banks remain entirely units. These are the $1,176-million Continental Illinois Bank and Trust, the $450-million First National.



Pacific & Atlantic

BIGGEST BEACON

The Lindbergh light, brightest in the world, gift of Elmer Sperry to the city of Chicago, is hoisted into place atop the Palmolive Building

Where Does Big Business Keep Its Bank Balances?

THE present wide distribution of corporation funds gives business a powerful influence on banking. Centralization of business control through consolidations and chains has brought an equal centralization of deposit control. To an increasing extent, it has become an out-of-town treasurer who decides in what particular bank the funds of a local unit will be deposited.

This centralization of deposit control —or, conversely, scattering of corporation funds—is brought out in a recent study made by *The Business Week* covering the deposit activities of 66 corporations in 22 cities. It shows that 58 of the corporations with home offices in some one of these cities have 621 out-of-town deposits in the other 21 cities alone.

More of these corporations have deposits in New York than in any other city, 64 of the 66 maintaining accounts there. Chicago is second with 62. Philadelphia and San Francisco have 47 each, Boston 46, Detroit 43, Cleveland 40, and Pittsburgh 37.

These totals include deposits in the home cities of the corporations covered. Eliminating the home-city deposits shows Chicago leading in number of out-of-town balances maintained by these corporations—57. New York draws out-of-town deposits from 48, San Francisco from 47, Philadelphia from 45, Boston from 44, Detroit from 36, Cleveland from 35, Pittsburgh from 34 and Atlanta from 32.

Eleven of the 66 corporations keep deposits in all 22 cities. Four more cor-

porations keep deposits in 21 of the 22 cities. Two have deposits in 19 cities, two in 18, one in 17, three in 16, two in 15 and one in 14. Thirty-three keep balances in at least 11 cities.

This spread of corporation deposits with its concentration of deposit control as a corollary is increasing, with certain definite results:

Corporations with far-flung accounts gain increasing independence of banks, except as they come under the influence that huge metropolitan banks can exert on depositors and through interlocking directorates.

Such concerns can "go shopping" for accommodations and obtain more favorable terms than the small unit business that must take whatever its one bank offers; they can even forsake the banks for the open market if they so desire.

Small Business Benefits

But smaller businesses also benefit as big business whittles down the discrepancies between accommodations offered by metropolitan banks and smaller institutions. Furthermore the big corporations are apt to keep on deposit out of town fixed amounts which show no growth as their business gains. From this the banks realize that the growth of local concerns must be looked to for growth in deposits and business. This logic appeals to unit, group, and branch banks alike and is the best answer to the contention that bank mergers and groupings will be harmful to local business.

To the banks this independence of depositors that permits bargaining for terms means a dwindling profit margin necessitating more economical methods of doing business. This bring elimination of unprofitable business, whence service charges on small accounts, minimum balance requirements, trust fees, and closer accounting generally, and perhaps even mergers and groupings to seek greater operating economies.

Banker Seeks Deposits

The independence of depositors makes the banker more than ever a seeker after accounts, rather than one from whom accommodations are sought. The danger is ever present that accounts so small as to be unprofitable will be solicited, then handled at a loss.

The development tends continuously to remove the control of credit from the hands of the banks. Corporation treasurers more and more become the dictators of the shifts of credit, the disposition of balances.

WET *or* DRY

...It's the Same Old Story

Our fifty years' experience has taught us that no country ever stays *dry* long, so we make our motors amphibious. They keep cool when it's hot and shake off water like a spaniel—as evidenced by a letter a Long Islander recently wrote us about his R & M washing-machine motor. For seven years the cellar in which this machine stands has been flooded three or four times a year, each freshet completely submerging the motor two to five days. Each time it has started instantly until recently, after twenty-odd floodings, it quit. With visions of broken down insulation, the owner examined it—and found a loose bearing set-screw. "Now, after a turn of a screwdriver," he writes, "it runs better than ever." Such instances, and they are legion, may help to explain the unique reputation Robbins & Myers equipment enjoys in humid climes, in damp motor-killing mines and pits and aboard ship.

If you have a problem in electrical-motored machinery come to Robbins & Myers. We offer you the facilities of a completely modern plant and the experience of 32 years' precision manufacture in designing, building and applying electric motors, generators, fans and electrical appliances

Robbins & Myers, Inc.

Springfield, Ohio **Brantford, Ontario**

1878

1930

FANS, MOTORS, HAND AND ELECTRIC HOISTS AND CRANES

Silver's Plight Engages Senate And Department of Commerce

THE Senate and the Department of Commerce at last are under way on their job of determining what is to be done about the sad plight of silver. This week's rise in the price of the metal (to 36¼ cents) is only temporary, authorities believe, and is due to buying from Chinese sources.

The sub-group of the Senate Foreign Relations Committee, headed by Senator Key Pittman of Nevada, authorized to investigate the effect of the silver slump on export trade with the Orient, held a preliminary hearing in Washington at which the Department of Commerce presented facts regarding the state of our trade with China. Inquiry was then adjourned until August 27 when a hearing will be held in San Francisco. Following that, further hearings will take place in Los Angeles, Seattle, Salt Lake City, Reno, Denver, Spokane, Akron, and New York.

The Senate's action authorizing the inquiry came soon after Senator Tasker L. Oddie's request that the combined research facilities of the Department of Commerce be used to relieve the acute depression in silver and stabilize the value of the metal. The Secretary, after instructing the Bureau of Mines, Bureau of Standards, and Bureau of Foreign and Domestic Commerce to intensify their studies along these lines, was beset by conflicting views of economists and technicians as to what can be done about silver.

Say the economists: silver producers will not benefit if more of the metal is forced on China and India. Our foreign trade with such countries would be greatly injured by such a policy. The only hope lies in increasing the industrial and commercial uses of the metal.

Say the technicians: silver is practically worthless to industry. The one opportunity to increase its consumption and stabilize its price lies in persuading other countries to revert to the use of silver as a medium of exchange.

The technicians, frankly pessimistic, pressed for suggestions as to the direction which research into industrial and commercial uses should take, assert that the use of silver as a minor alloying element in base metals such as brass, bronze, and aluminum base alloys is the most promising field. Small units of silver ranging from 1% to 5% may have a noticeably advantageous effect upon the properties of such materials. Silver provides resistance to corrosion, for instance, that is valuable in electrometallurgical processes.

After surveying their own limited field of research, the technicians point out that commercial consumption of silver may be expanded considerably by selling silver articles for household use at a price somewhere near the value of the silver as a metal. Silverware now retails up to 10 times its cost. A larger market might be created by reducing the cost to perhaps twice the value of the contained silver. Manufacturers recently announced 10% reductions in the price of flatware.

Reduction in the size of the silver dollar and half-dollar is proposed by Senator Oddie as a means of restoring the popularity of these coins.

COPPER IN THE CONGO

The Lubumbashi smelters, one of the two in the Belgian Congo which handle the ore for the Union Miniere. The 1929 output of 302,000,000 lbs. surpassed the production of Utah Copper and Chile Copper, making Union Miniere the largest in the world. In the foreground are the administration buildings. In the background is the compound where the native black labor is kept

Diphenyl, Newest Research Drama

NEWEST of the dramatic stories of the chemist and industry is the story of diphenyl.

Diphenyl used to cost $40 a pound. In 5 months, it was cut to 40 cents. Now it is 30 cents, and dozens of new uses are being worked out.

Built to Meet a Need

Late in 1927 Indian Refining Co. urgently demanded a more effective heat-transfer medium for use in the process of distilling lubricating oils. Diphenyl was selected, after careful study, as being the best material, but it was not available commercially; it cost $40 a pound. With a market promised, an intensive research program was inaugurated by Federal Phosphorus Co., division of Swann Chemical Co. Within 5 months a pilot plant was in operation and had shipped a carload of diphenyl at 40 cents a pound. The price of diphenyl now is around 30 cents in carload lots.

A market survey was undertaken to find more uses for the new and cheap product—a glistening white, flaky material which resembles naphthalene in appearance. Study led to the development of 46 diphenyl derivatives, best known of which are the aroclors. These chlorinated diphenyl products appear in two series.

One ranges from white mobile oils of high boiling point to solid, transparent, and light colored resins and crystalline solids. The other series contains related black oils, pitches, and gray crystalline solids.

Stable Under Heat

The aroclors are non-flammable; have unusual electrical properties; are soluble in most organic solvents; have decided adhesive properties; are permanently thermoplastic; the oils are non-drying; resins have low vaporization losses.

They are non-toxic, practically odorless and tasteless; are waterproof and stable on prolonged heating at 150 deg. Cent.

A few of the suggested uses for these new materials are: As a dielectric in radio condensers; as a solvent; as a heat transfer medium; as a dielectric oil; as a softener for photographic films; as a plasticizer; as a raw material for varnish; as a non-drying adhesive; as a waterproofing agent.

MATURE MANAGEMENT

33 Chief Executives Average 24 Years Utility Experience

IT takes more than generating plants and transmission lines to make a utility system.

It takes men trained in service, seasoned in experience.

The thirty-three Associated Gas and Electric System chief executives average more than 24 years of public utility experience.

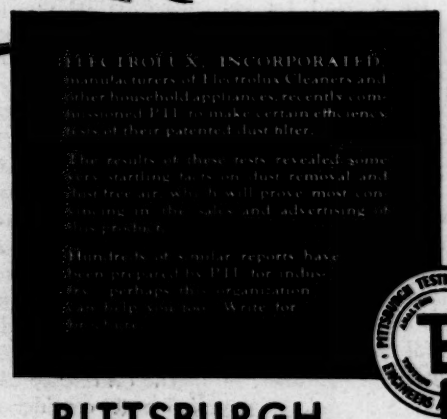
And the 283 major executives average 15 years of service.

Continuity of good management has resulted in steady growth during 78 years. The Associated System has assets of about $1,000,000,000 in the service of 1,375,000 customers in 2,500 communities.

Associated Gas and Electric System

61 Broadway ASSOCIATED GAS & ELECTRIC SYSTEM New York

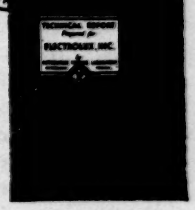
CERTIFIED FACTS BUILD SALES



PITTSBURGH TESTING LABORATORY

PITTSBURGH, PA.

Branch Offices in the Principal Cities



Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

BUSINESS sentiment is more confident this week largely in anticipation of the usual autumn revival after a summer lull. On the other hand, business actualities are monotonously unchanged with no trend discernable toward a better or worse situation. Neither of the two conditions considered prerequisite to basic improvement have yet been fulfilled: (1) recovery of primary prices; (2) a renewal of capital investments. The downward trend in prices, it is true, has slowed up in recent weeks. Mineral and metal prices, for instance, have definitely struck bottom, it is believed. There is considerable uncertainty in many other commodities, however, especially those influenced by maturing crops, such as foodstuffs and cotton. Moreover, retail price levels, supported by cheap credit, have failed to decline proportionally. Either further retail declines involving trade losses and suspended commitments will now follow, or basic prices will move up, or both, before equilibrium is reestablished.

Meanwhile, the almost complete inactivity in principal European financial countries has afforded no leadline wherewith to fathom the depth of reserve capital resources. A plethora ot short term facilities at unnaturally low rates may as much measure restricted business as indicate the extent of accumulated idle funds; it does not necessarily measure the availability of funds for long term investments. Opinion is that rates would harden sharply in the wake of a moderate demand for expanding business. France, however, with swollen but uninvested foreign balances and, apparently, with heavy internal reserves, even in the face of heavy domestic issues during the first 6 months of the year, is believed to be hoarding a large part of idle European resources. It is widely felt that French participation, if not leadership, is required to bring fresh blood into circulation. Investors, however, not in France only, but in other countries, are evidently still distrustful both of prospects and of current values.

By Special Cable to The Business Week

Great Britain — Business remains dull beyond even the usual holiday level although an improvement is hopefully expected in the next two weeks after the end of the holidays.

Although the best degree of activity reported by any industry is "only fair," the frequency of comment in market reports to the effect that conditions are now sounder in point of interrelation of supply and demand to prices, strikes a new and encouraging note. Financial activity, however, is at a standstill. Money has again turned slack at 1¾% (demand). Continuance of low rates is indicated. Sterling exchange is maintaining its recent improvement. With gold exportations dwindling, the position of the Bank of England is easier.

Among the key industries, coal production continues to exceed demand while export ship rates are the lowest since 1909. Iron and steel demand is still in the hand-to-mouth stage. Prices of pig and Cleveland iron are reduced in the hope that autumn orders will be attracted.

Uncertainties in the cotton price situation and troubles in the Far East are further contracting an already severely restricted activity in Lancashire; Bradford woolen mills are observing a holiday shutdown.

July foreign trade showed some recovery, with exports valued at £51 million sterling gaining 20% from the June low, but still representing the second lowest month of the year. Imports improved by £2 million. Compared with a year ago, imports of raw materials in the first 7 months were down 20%; exports of manufactured goods, 17%. An interesting contrast is noted between July and the same month of 1929. Imports of "vehicles," chiefly automobiles (although locomotives are included), is down £500,000 sterling whereas exports rose by £250,000—the only item to show an appreciable gain.

Negotiations were expected this week among textile employers and employees toward the introduction of the 8-loom per weaver system instead of the 4-loom. This step would mark the beginning of modern mechanization of the Manchester industry. Although the employees are not necessarily opposed, both parties failed to agree on a basis for negotiation and conferences were again deferred.

The conference of the Miners' Association to consider application of the new Coal Act also failed of significant conclusions but the address of president Richards captured attention. Referring to the growing protectionist movement, Mr. Richards asserted that British coal is largely dependent on exports; that the important export markets were all non-empire. In the order of their importance they are France, Italy, Germany, Belgium, Holland. The largest empire market is Canada which is less in importance than any of the non-empire markets. He concluded that the coal trade would be among the first British industries to feel the boomerang effect of efforts to divert trade from "natural channels." A London economist, commenting on Mr. Richards remarks, holds that he described circumstances obtaining not only in coal but also in many other British industries.

By Special Cable to The Business Week

France—The three-day Annunciation Holidays have caused a general business pause in France this week. The strikes in Northern France are tending to become localized at Lille and Roubaix but are becoming intensified. The spread of wage unrest to other districts has been checked by the employers' action in voluntarily granting either payment of workmen's social insurance premiums or compensatory wage increases. In Lille, however, mill owners have flatly declined the Minister of Labor's invitation to open negotiations for settlement of the dispute. They state that the position of the industry makes it impossible to discuss any wage compromise.

From the employers' standpoint it may be pointed out that, while industrial prices have been declining, wage scales have risen steadily; are now roughly 15% higher than a year ago. They believe it is the recent vertical increase in living costs, together with superimposed new social insurance premiums, which have brought about the present wage maladjustments. On the other hand, public opinion generally supports labor's contention that industry has transferred insurance costs into prices but refuses to accept the consequences of the resultant decreased purchasing power of current wages.

Basically France is entering a period of disturbed values of which strikes over wages is only one indication. So far, general activity is still markedly favorable over the entire country but it is slowly contracting; it is becoming evident that the cycle of prosperity, which has lasted two years, has passed its zenith.

With the latest crop news accentuating the prospects for a real shortage, it is not unlikely that the national re-

sources, although momentarily flush, will be strained before an upturn in business is reached again.

During recent years there has been a marked parasitical increase in budget expenditures. Although the next budget is not due for some 6 months yet, Tardieu, forestalling parliamentary demagoguery, called during the week an extra cabinet session to meet renewed demands for increases in the preliminary budget estimates. It is assumed that this action was based on the premise that no further budget inflation is permissible.

If politically tenable, this dictum is unquestionably the proverbial "stitch in time"; the more so when one considers the recent lowering of taxes on the one hand and, on the other, the unknown future drain set up by the recent pension and social insurance legislation at a time when the country is entering the lower section of the business cycle.

Business itself offers nothing novel at the moment. Sellers to France need not be surprised that retrenching conservatism characterizes the present disposition of French buyers. Winter will almost surely bring decreased purchases of manufactured goods and increased imports of essential foodstuffs in consequence of the crop shortage.

Current statistical indicators give little significance to the disturbed background. July tax receipts are above those for June, above those of a year ago, and above the estimates. Indirect taxes, however, declined. The year's railway receipts up to the end of July were only ½% below what was forecast, but July car loadings were down 8.5%. Foreign trade, however, is holding up well. July exports were considerably over June. The 7 months' imports, thought to be 12% below a year ago by value, gained 5% in volume, increased raw materials manufactures offsetting decreased foodstuffs. These changes exactly reverse the case of exports which total somewhat lower.

By Special Cable to The Business Week

Germany—Improved foreign trade as reflected by July figures and a measure of stock market recovery after the recent sharp decline, are two encouraging developments following months of monotonously unbroken reports of intensifying depression. Basic conditions, however, give no sign of an early general improvement.

The government apparently intends to revive action toward reducing prices established by cartels. In connection with the recent emergency decree empowering federal intervention in cases of uneconomic price fixing, the government solicited the opinion of the Federal Economic Council to determine whether a general prohibition or suspension of cartel price agreements is desirable and whether it is admissible to issue an order forcing readjustments. The council advised against indiscriminate action, feeling it would lead to a general price war and increased uncertainty. It recommended carefully considered action on the merits of individual cases and particularly of branded foodstuffs which have resisted the general decline.

Of more immediate actual importance is the decision of the Ruhr mine owners to cancel wage agreements September 30. The industry hopes that labor will consent to a 10% wage cut in combination with a corresponding reduction in coal prices. The cut would affect 335,000 miners already working on short time. Experts, however, question whether the intended price cut, averaging 1 mark per ton, is enough to counteract increasing imports of cut price British coal. The urgency of the situation is illustrated by stocks at the pithead on August 1 which were 8.9 tons, equivalent to one month of Ruhr production.

July trade recovery was large but sufficient to quiet anxiety over the sharp June drop. Exports gained $10 million, chiefly semi-fabricated products. Imports increased 24%, principally foodstuffs. The most notable feature, however, is the trend toward conversion of last year's trade deficit into a surplus. The excess which has accrued in the last 7 months is $138 million, compared with a deficit of $101 million for the corresponding period last year.

The importance of this improvement is emphasized by the intensity of the depression in home markets. On the other hand, the recent prohibitive increase in many German foodstuffs duties and recourse to expedients for circumventing trade treaty obligations has raised a storm of resentment and talk of boycotts and reprisals on German exports in neighbor countries depending largely on German markets. Chief of these are Holland and Denmark both holding most favored treaties with Germany.

Among the latest developments is the offer of Germany to Finland to import, under special conditions, threefold the usual quantity of Finnish butter if Finland will concede an abrogation of rates on butter and cheese specified in the commercial treaty between the two nations. While favoring Finland, it would permit the proposed radical increase in duties demanded by German farmers against far more important Danish-Dutch imports. This procedure for circumventing most favored nation obligations illustrates the lengths to which those responsible for German trade relations are going and explains the anxiety of German industry over possible repercussions upon their exports.

The Woolworth Company has opened its 57th store in Germany. Hitherto they have been chiefly provincial. The new store is located in Leipziger Strasse, Berlin's main thoroughfare. Prices are equivalent to 5 and 10 cents. Woolworth has announced that last year the company bought $8 million German goods or 95% of the total turnover of its German stores. Maizena Company, German manufacturing subsidiary of the Corn Products Refining Company, whose operations are already greatly hampered by the recent corn import monopoly law, has secured permission to import 5,000 tons of corn monthly on condition that it buys 25,000 tons of potato starch from German manufacturers. Even this will make possible the use of only 60% of the company's plant capacity.

LATIN AMERICA

Argentine exports for the first 7 months of 1930 decreased 35% in value and 42% in tonnage from same period of 1929. The concession for construction of a $108 million municipal subway in Buenos Aires to a Spanish firm has been vetoed by the mayor of the city until the concessionaires provide proper guarantees.

National City Bank is reported to have granted a 4-million peso loan to the Banco de la Republica of Bogota, Colombia, to cover Colombian debts to the bank. Terms of the loan have not been made public. This loan is in addition to a previous arrangement whereby National City honors at 50% of their face value outstanding government pay warrants reaching a total of 3 million pesos.

Ecuador's finance Ministry has recommended immediate application of 2-million sucre treasury surplus to the foreign debt or to some other useful employment. The Peruvian Government has authorized a committee to study regulation of all exchange operations and to limit sales to purely commercial transactions.

British Investors Urge Reform In London Stock Exchange

Say Antiquated Methods, High Costs Drive Business To American Firms—New York Held Up as Model

European Bureau The Business Week

THE decline of business on the London Stock Exchange, for centuries the world's leading security market, has set England talking of needed reforms in its methods and charges. New York is held up as a model by English investors. A stock exchange reform committee, reporting this week, advocated tightening up of all practices, especially regulations governing share transfers and admission of shares to trading. But it omitted anticipated recommendations for compulsory publication of quarterly company reports as in the United States.

Reformers have urged London to follow New York in 3 ways in particular: (1) that a seat on the Exchange should be subject to higher financial, and possibly some other, qualifications; (2) that split commissions should be forbidden; and (3) that "jobbers" should disappear in favor of "specialists" on the New York model.

Longer Hours Urged

It also is contended that London neglects its clients' business because brokers let their staffs quit work before closing time on the New York Exchange; longer working hours, by the use of skeleton staffs, are strongly urged.

Internal reforms suggested include the abolition of the dual managership which exists in the London Exchange and the installation of a full-time highly paid chairman with a strong economic research staff which would save the investor from the haphazard advice of unqualified brokers.

As in New York, the Exchange in London is a private institution, subject to no popular control. Its 4,000 members like the New York Exchange's 1,350, elect their committees and chairmen and the members must obey the rules they make. For membership in London there is no specific qualification, and fees are small. A member with no previous connection pays $9,525, and clerks of standing pay only $5,786. The qualification in New York is a financial one. "Seats" sold last year for more than $600,000. The latest price recorded was about $400,000.

With a membership of 4,000, London's daily total of "bargains," as sales are called, averages between 7,000 and 10,000. This is the total shown by the official list. Assuming that only about one-fourth of the actual total are listed, the average runs to some 7½ sales per day per member. Reformers make great play on this point, claiming that the Exchange is over-populated, that high charges are imposed on investors to support such a large membership. In New York, when sales run 3,000,000 per day, a low average, the average per member is about 2,200.

Members of the London Exchange are forbidden to advertise. The result is that they make use of "half-commission touts" to obtain business. These touts range from sprigs of the nobility to bank managers, from casual corner-boys in the city to large commercial houses. Members who must halve their commission have to charge high.

Trading costs are much cheaper in New York than in London. The government tax on transactions in Manhattan is 1/25 of 1%, in London 1%. Commissions in London range from ¼% to 4.17% as compared with ¼% to ⅛% in New York. On a series of identical transactions one trader figured recently that the cost in London would be $1,498, in New York $567.

Eastern Europe Takes the Lead Toward an Agricultural Cartel

By Special Cable to The Business Week

ROUMANIA'S new treaty agreements with Belgrade and with London, and the pending conference of 9 Eastern European states in Warsaw to discuss an agricultural cartel, is attracting world attention. Economic experts interpret the moves as the beginning of the much-discussed pan-European agricultural cartel, advocated by economists.

Obvious questions relating to existing treaties with which Bucharest was faced when the two new agreements were announced are partly answered by the statement that the latter are temporarily being accepted on a most-favored-nation basis. If, at Warsaw, a wider customs union is consummated, it is

Ewing Galloway

LONDON STOCK EXCHANGE

Members cannot advertise; they split commissions; trading costs are high; reformers see business going to New York

intended that special reciprocal advantages within the union will not be accorded to outsiders.

Bucharest officials point out two main purposes for seeking a customs union in Central Europe. If the 9 countries—Roumania, Jugoslavia, Poland, Czechoslovakia, Hungary, Bulgaria, Finland, Latvia, and Esthonia—can combine the influence of their united buying power (30 millions of people), it will be sufficiently important to demand trade concessions from strictly agricultural nations. These agricultural states are ready to bargain for their industrial purchases with those countries which will agree to buy their agricultural produce.

Ends Destructive Fight

A second reason for accord—and this has more or less been accomplished in the new treaty—is to eliminate the hitherto destructive Jugo-Roumanian competition on world grain markets and to organize cooperative exports on a basis to support prices.

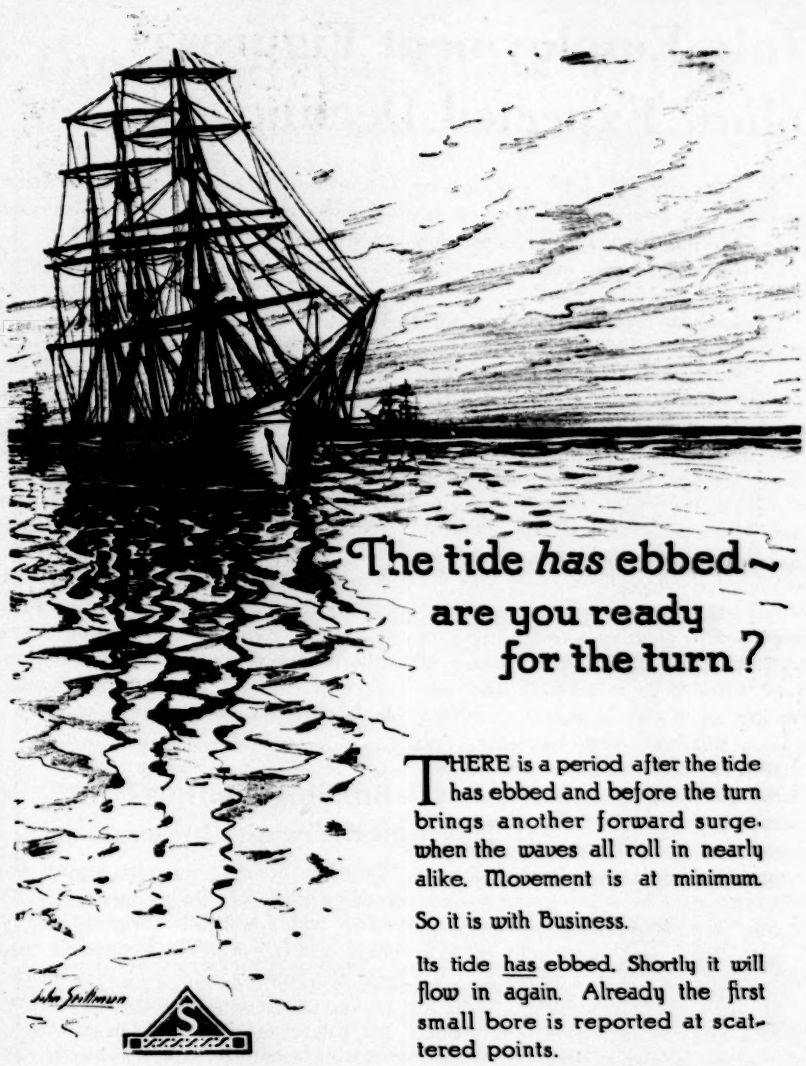
The effect on overseas exporters will probably be more beneficial than otherwise. The Jugo-Roumanian combine, able to supply only one-sixth of the European cereal requirements, has been a frequent source of distressed selling. Stronger organization may increase production competition but it should tend to stabilize markets and improve prices.

If a customs union is formed, preferential advantages will be accorded to European industrial countries. United States exports primarily affected will be automobiles, accessories, tires, agricultural machinery, oil-well equipment, office appliances, and high grade lubricants.

New Equipment Needed

Reorganization of grain marketing opens interesting corollary possibilities for foreign financing both for marketing, and for constructing the necessary storage and transportation facilities, now entirely inadequate. An instance of this is Roumania's cereal storage capacity—700,000 tons—compared with total crops this year of 10,000,000 tons. Also, Roumania is again renting from Germany 100 locomotives. Inadequacy of domestic capital, with interest at 18% and upwards, is another factor to be considered.

Before any large improvement can be made, Roumanian credit laws, recently revised, must be further expanded to favor the creditor. Present conditions seriously prejudice the country's primary collateral, farm mortgages.



The tide *has* ebbed—
are you ready
for the turn?

THERE is a period after the tide has ebbed and before the turn brings another forward surge, when the waves all roll in nearly alike. Movement is at minimum.

So it is with Business.

Its tide has ebbed. Shortly it will flow in again. Already the first small bore is reported at scattered points.

Now, before business gathers momentum towards its flood, is the time to prepare to sail in with the tide.

Call in the Engineer now to sound your productive channels and remove the bars that there may be no waiting when demand will again be normal. Plant and machinery studies and reorganizations should not be delayed. Plans should be made for possible needed additions.

The tide has ebbed.

Surveys
Appraisals
Warehouses
Steam Plants
Textile Mills
Examinations
Rayon Plants
Water Supplies
Reorganizations
Production Studies
Tobacco Factories
Sanitary Engineering
Hydro-Electric Systems
General Industrial Plants
Power Application & Lighting

J. E. SIRRINE & COMPANY

Engineers

Greenville **South Carolina**

July Employment Figures Show Expected Decline

THE government's July employment figures show about what might be expected in midsummer of a depression year, but with a few interesting sidelights.

Employment usually declines, mainly in manufacturing industries, from June to July—the vacation, inventory, and holiday month. This year the drop was pretty large. For the 13 major industrial groups covered, the number employed dropped 2.6% from the middle of June to the middle of July. This decline was mainly due to the manufacturing industries, where the number of workers fell off 4.6%.

Excluding manufacturing, the 12 other groups together showed a gain of 1%, reflecting a seasonal increase of more than 52% in canning and preserving, of 3.4% in hotels (probably mainly summer resort business), and increases of from 0.2% to 1.2% in telephone and telegraph operation, electric railroads, power, light and water companies and anthracite mining. The last is especially interesting. Production and shipments have been increasing for two months or so in anthracite; stocks have become low, and householders have been buying their winter supplies.

In contrast, employment was lower in bituminous mining, where production, affected by industrial slackness, is low; in metal mining, where stocks are large; in petroleum production likewise, though stocks are being drawn down by sustained gasoline consumption; and in wholesale and retail trade. Retail trade employment fell off 5.2%, wholesale only 0.5%.

Manufacturing employment dropped 4.6%. The textile group fell most, 7.3%; the leather group showed the only increase, chiefly due to a pick-up in boot and shoe manufacture. Among the specific industries, beside boots and shoes, there were increases in sugar refining, fertilizers, ice cream making, flour milling, book and job printing.

Compared with the employment figures the pay-roll totals give fairly clear evidence of lower wage levels. While the number working in all 13 groups fell 2.6%, total earnings dropped 7.1%. In manufacturing, payrolls decreased 9.8% as against a drop in employment of only 4.6%, making a cut in per capita earnings of 5.5%.

Building Contracts Off, But Permits Increase

THE July building contract record, according to F. W. Dodge figures for 37 states, took a bad fall. There is usually some seasonal decrease in July, but this year the contract total was 39% below the previous month, and 44% below last July, the highest July on record.

Disappointment with the July showing this year is somewhat offset by the S. W. Straus & Co. figures of building permits issued in 589 leading cities and towns. The total, which reflects a lot of smaller residential projects and remodeling work, actually increased nearly 2% in July over June, whereas there is normally a decrease of about 13% between the two months. The twenty-five leading cities showed a collective gain of 27% over June; 12 were above last July.

It would clearly be premature to conclude that building is to slide down its usual seasonal incline till the end of the year. There is a lot of miscellaneous building planning going on.

Another sign of this is the fact that even the contract record during the first two weeks of August in the Metropolitan area of New York was at a higher daily rate than in July this year or than in August last year. This is somewhat unusual and activity in this area is commonly regarded as somewhat of a forecaster of general building.

Steel Is Space-Saver In Metal Apartment House

STEEL manufacturers, interested in the new market opened to their product through the popularization of the battledeck floor, are studying the plans of the all-metal apartment house designed for early erection in Chicago by Bowman Bros., Inc.

Floors of the new Chicago building are to be placed on 25-foot spans. With the conventional flat-arch tile construction, they would be 16½ inches thick. Use of the battledeck type of floor, only 9 inches thick, will save enough space to get 21½ stories in the height allowed for 20 under usual methods. The usual 14-inch fireproof spandrel wall will be replaced by metal-insulated walls 3½ inches thick.

International News

40 JOBS—4,000 TAKERS

When New York City opened its Municipal Employment Office, thousands stormed the doors. White collars are plentiful in this crowd of hopeful applicants

What the Figures Show

THE first two weeks of August probably marked the beginnings of a real process of recovery, somewhat slower and more painful than was anticipated, partly because of unfavorable agricultural conditions. Industrial activity continues static at a low level, without sign of impending increase. Though the primary distribution of goods has as yet been little stimulated by seasonal influences, there are signs of a slight improvement in general trade during the early part of August as compared with the unusually slack month of July. The rate of expansion of bank credit tends to lag somewhat in comparison with the usual seasonal increase. The definitely encouraging feature of the past week is the improved tone of commodity markets and the increasing evidence that the decline in commodity prices has been checked.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	*86.9	†86.5	111.5
Production			
Steel Mill Operation (% capacity)	55	56	90
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$13,558	$13,933	$20,595
Bituminous Coal (daily average, 1,000 tons)	*1,308	†1,332	1,616
Petroleum (daily average, 1,000 bbls.)	2,464	2,480	2,942
Total Electric Power (millions K. W. H.)	*1,825	1,840	1,880
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	151	153	182
Check Payments (outside N. Y. City, millions)	$4,688	†$5,088	$6,099
Money in Circulation (daily average, millions)	$4,470	†$4,466	$4,777
Wheat Receipts (1,000 bushels)	24,110	29,856	30,987
Cotton Receipts (1,000 bales)	137	70	100
Cattle Receipts (1,000 head)	*167	†149	172
Hog Receipts (1,000 head)	*386	†399	436
Wool Receipts (1,000 lbs.)	*5,559	30,078	11,646
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ .83	$ .80	$1.24
Cotton (middling, New York, lb.)	$ .121	$ .129	$ .182
Iron and Steel (composite, ton)	$33.00	$33.00	$36.52
Copper (electrolytic, lb.)	$ .107	$ .107	$ .178
All Commodities (Fisher's Index, 1926-100)	83.8	83.1	97.3
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,857	$16,906	$16,943
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,481	$8,472	$9,370
Brokers' Loans, New York Federal Reserve member banks (millions)	$3,128	$3,155	$6,085
Federal Reserve System Ratio	81.9	82.0	75.5
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	10,726	10,013	22,343
Stock Prices (N. Y. Times, average 50 stocks)	$191.21	$197.03	$283.84
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$36,532	$41,228	$55,064
Bond Prices (Dow, Jones, average 40 bonds)	$96.39	$96.27	$92.38
Interest Rates—Call Loans (daily average)	2.4%	2.2%	7.4%
Interest Rates—Time Loans (daily average)	2½%	2½-2¼%	8½-9%
Business Failures (Dun, number)	441	452	368

*Preliminary †Revised

Business Activity Index

The Business Week's index of general business activity for the latest week is 86.9% of normal as compared with the revised figure of 86.5% for the preceding week and 111.5% for the corresponding week a year ago. The level of the index during the last week of July and the first week of August was lowest so far reached in the current recession. The slight improvement in the latest week is due to moderately higher levels of money in circulation and an increase in our index of bank debits outside New York City—both suggesting slight improvement in general trade activity. The indexes of the production elements in our index all declined for the latest week.

There was little definite change in steel activity the latest week. Estimates differ slightly, the Dow, Jones figures, which we use, showing a slight decline in the average for the industry from somewhat less than 56% of capacity to about 54½%, while the *Iron Age* notes a slight upturn in steel ingot production from 52% to 53% of capacity. These differences are immaterial. There is no doubt that steel activity is at a rather low level for the season and the year. Our index, adjusted for seasonal fluctuations and year to year growth, declined from 81.2% of normal to 79.7%. The slackness at this time of the year is distinctly contrary to the usual seasonal tendency, which is strongly upward at least during the first half of August. In view of the market situation it is surprising that steel holds up as well as it does. *Iron Age* feels there are promises of more liberal buying in September and of moderate improvement this week in orders and operations. Seasonal rail bookings, new pipe line business, oil tank construction and sustained demand for structural steel for buildings, bridges and enlarged highway programs are counted on to increase steel tonnage next month. Tin plate manufacture does not seem to have been affected by the drought scare, and some agricultural implement makers are increasing production, but largely on export orders. Automobile demand continues disappointing and somewhat puzzling. Structural steel business continues to run above the average for the year so far and there are evidences of improvement in railroad equipment orders.

The most favorable indication in steel, though still of doubtful significance, is the continued strength in scrap prices, which have remained steady for about two months and show signs of upturn. Steel prices are definitely steadier this week.

Building contracts continued to decline in line with the seasonal movement, but the drop so far in August

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.

appears to be less marked than took place between June and July. The four weeks daily average of building contracts awarded in 37 states declined slightly further for the latest week and is about 34% below last year's level. Our index, based on this four weeks daily average, adjusted for year-to-year growth and seasonal fluctuations, declined from 73% of normal to 72.7%.

Coal Production

The daily rate of bituminous coal production continued to decline for the latest week. There has been little, if any, increase during July and August, though the seasonal movement is usually upward from the beginning of July. The present rate is lower than in the past 3 years, and as compared with last year appears to have declined in the same proportion as the falling off in fuel consumed by railroads. Our index of bituminous coal production, adjusted for seasonal fluctuations and year-to-year growth, stands at 65.6% of normal.

Electric power production declined again for the latest week and was 2.9% below last year. Despite the irregularity in movement of electric power output since the beginning of July, it has been following fairly well the usual seasonal trend, though at a lower level than a year ago. Our index adjusted for year-to-year growth and seasonal fluctuations, declined from 100.6% of normal to 98.7% for the latest week and is lowest since the end of June.

The commodity price picture was fairly encouraging this week. After reacting from the first effects of the drought scare, wheat prices have strengthened somewhat. Following marked weakness which brought cotton below the 11-cent mark, there was a better tone in the market toward the end of the week. Cotton exports so far this season have run above those of last season, and while foreign buying of wheat is not yet marked, drought effects here and reduced prospects abroad are helping somewhat to hold up the market. Hogs and livestock were much stronger this week. The copper price remains nominally at 11 cents in an inactive market with some sporadic trading at 10¾ cents and a general expectation that the bottom has been reached. Iron and steel prices remain steady.

The Fisher All Commodity Index for the latest week rose again for the second consecutive week and the National Fertilizer Association's Index remains unchanged. Our daily index of selected commodities for the week ended August 21 showed a slight downward tendency.

The general trade indicators offer some encouagement, except in carloadings. Total carloadings decline for the first week in August and showed the largest deficit below last year and 1928 so far. Grain and coal movements, usually increasing at this season, are running below last year, but this does not account for the weakness in railroad distribution. Merchandise and miscellaneous carloadings also declined for the latest week and showed the largest deficit, 15.1%, as compared with last year. Our index of this group, adjusted for seasonal fluctuations and year-to-year growth, declined from 84.6% of normal to 82.4%.

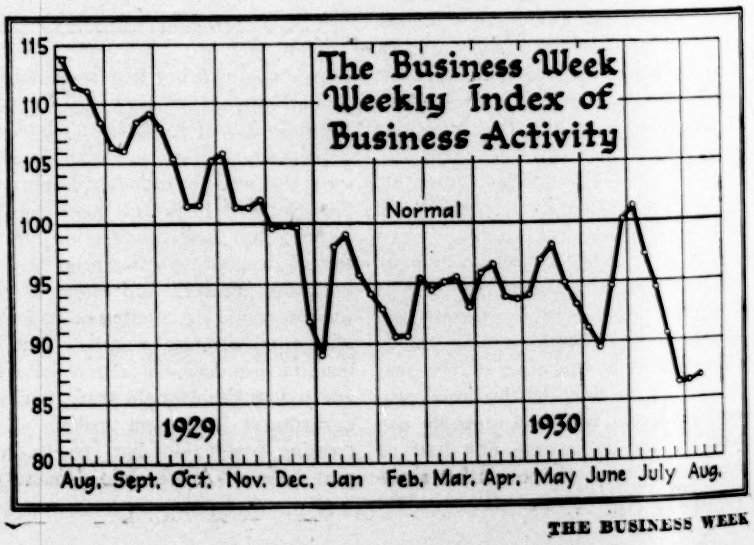
In contrast to this indicator of primary distribution, the record of money turnover as reflected in bank debits is somewhat more encouraging. Check payments outside New York City declined for the week ended August 13, following the usual zig-zag movement, but the average of the last 2 weeks was higher than that of the preceding 2 weeks and our index, adjusted for changes in general price level, seasonal fluctuations and year-to-year growth, rose from 92% of normal to 94.7%. It is particularly striking that, while there were declines for the week in check payments in the 141 cities covered by weekly reports including New York and other large financial centers, in the 131 cities outside these centers there was a slight increase in bank debits.

Currency Circulation

Another indication of slight improvement in general trade is a moderate increase in the average amount of currency in circulation for the week ended August 16, which brought our index, adjusted for price changes, seasonal fluctuations and year-to-year growth, to 100.4% of normal, the highest since the end of June.

Commercial loans of reporting member banks rose for the week ended August 13, but this increase, when adjusted for wholesale price changes, seasonal fluctuations, and year-to-year growth, was slightly less than expected, and our index declined from 103.9% of normal to 103.2%.

The rate of expansion of total bank credit, as measured by loans and investments of reporting member banks in leading cities, has tended to fall off in the last 2 weeks and our index, adjusted for changes in the general price level, seasonal fluctuations and year to-year growth, declined from 104.8% of normal to 104.5%.



Money and the Market

Stocks moved upward hesitatingly this week and closed well above the low points reached last week. Sales continued small. The money market showed very little change except for a cessation in the outflow of gold.

Revision of sentiment regarding agriculture was an important factor while other signs of improvement in the business field offered encouragement. The upward move was strengthened by professional playing which, this week, brought some trapping of shorts. With sales so small, professionals influence the market considerably, but they usually take the course of least resistance indicated by the trend of business.

Brokers' Loans Down Again

Brokers' loans declined, by $27 millions. This is the fourth consecutive week of decrease, and shows the reductions in the amount of marginal stock transactions. New York banks withdrew funds this week, while out-of-town banks and private lenders very slightly increased their loans.

Bonds continued their upswing, going into new high territory for the year. The significance of this move is discussed on another page.

The Federal Reserve total of credit outstanding increased again this week, due this time to growth in member bank discounting. Holdings of acceptances went up slightly, while total of government securities owned ran a little smaller. The system seems to be embarked on its usual seasonal expansion of credit, but has not yet given any indication as to the extent to which this will go.

Member bank credit declined, largely due to a drop in bank loans on securities, reflecting the decline in brokers' loans. Investments were off a little, but commercial loans increased somewhat after last week's big drop. Deposits in the reporting member banks were larger.

Bankers' Acceptances Rise

The monthly report of volume of bankers' acceptances outstanding for July showed an increase of $44 million. However, the growth did not show larger domestic commercial financing. It was due entirely to an increase of $53 millions in bills based on foreign goods, marking an increase in America's financing of movements of foreign goods. This is largely at the expense of a declining London bill market and lower rates here.

The increase in total was the first in 1930, and probably marks the end of the seasonal decline. Bankers doubt whether the increase in volume of these bills during the Fall months will equal last year's, because business is slower this time. But the total is more than $200 million above last year and does emphatically indicate the widened scope in usage of American bills.

Call money tended slightly easier. Except for that, there were no changes of importance in the money market. Foreign exchange was easier on the average. The German mark held firm after two weeks of decline. Francs were lower fractionally, but enough to halt, at least temporarily, the outflow of gold to Paris that has assumed such large proportions in recent weeks. Sterling was barely under the high points of recent weeks.

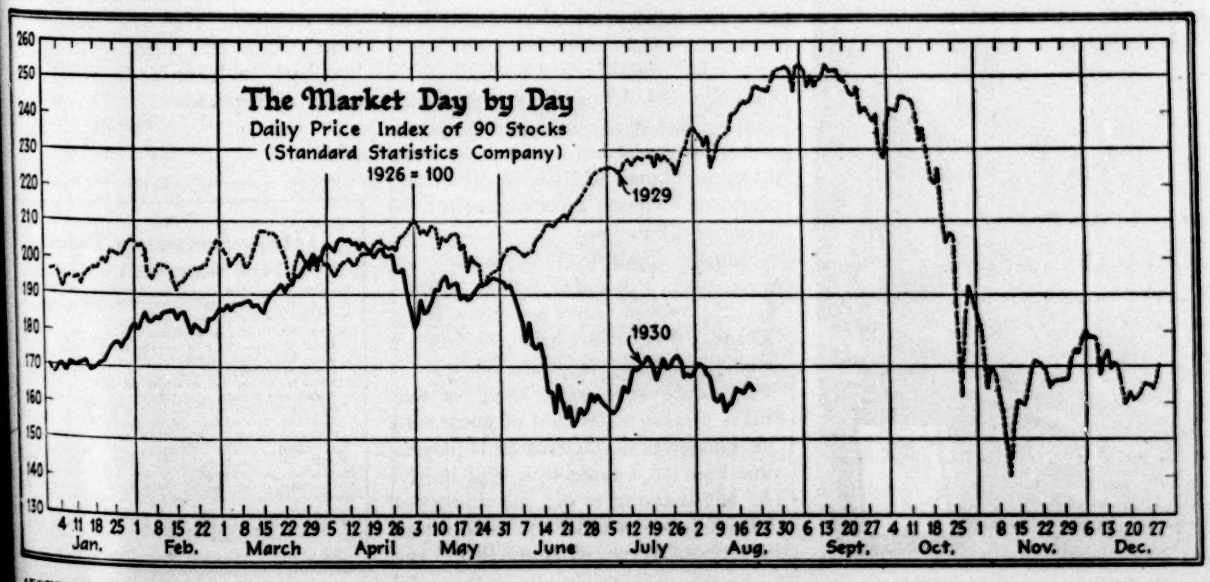
Treasury Financing Soon

The Treasury offering of bills was bought to yield 1.96%. This is slightly higher than the 1.87% at which the previous offering was sold. The market is now awaiting Secretary Mellon's quarterly financing announcement. The operation, which will occur as of Sept. 15, will be large this quarter as considerable refunding is to be done.

The total may be as high as $400 millions.

Life insurance sales, important to the money market because of the tremendous investments of these institutions, continue to hold their own. New business during July was reported as 0.1% less than July a year ago. But sales during the first 7 months of the year were 1.5% greater than for the same month a year ago. The gains are entirely accounted for by ordinary life insurance. Depressed business has brought a decline for the 7 months both to industrial and group insurance.

Abroad no definite financial trends were apparent. The Bank of England gained some gold which was welcome after several weeks of declining reserves. The Bank of France continued to gain reserves. The German Reichsbank is still clinging tightly to its reserves, which have changed little for some weeks.



Firms Like These Use Our Warehouses in Distribution

Look at the wide variety of products pictured in this photo. Consider the complex marketing problems faced by the makers of this merchandise. Then realize that all these products—and many, many more besides!—are distributed through member warehouses of the American Warehousemen's Association.

We receive such merchandise in carload or less-than-carload lots . . . store it for the owners at our member warehouses in 189 cities throughout the United States, Canada, Cuba, Hawaii . . . and then distribute it wherever and whenever the owners wish.

We can perform the same service for you . . . do everything that your own branch house would do in the physical distribution of your merchandise. And we'll do it for less than it would cost you to operate a branch!

Send for Free Book

A 32-page booklet* tells all about our service. It is called: "*Increasing Your Sales Through the Use of A. W. A. Public Merchandise Warehouses.*" Send for a free copy and learn all about our plan of distribution.

Merchandise Warehouse Division

American Warehousemen's Association

1771 Adams-Franklin Building
Chicago, Illinois

The Dublin Letters

To Mr. George Clark, Expressing Conclusions About Phil Bailey and Doc Emmett

Pinehurst
February, 1928

Dear George:

Rain to-day. The golfers are walking up and down the lobby glowering or getting their hair cut. Having nothing to do myself I am still cerebral about this here Phil Bailey and Doc "Pepticum" Emmett hook-up.

You can be sure of one thing: the "Pepticum" maestro wants something and whatever it is, he probably sees in Phil Bailey the go-getter who will go and fetch it. The Doc is stalking just a little more than smart advertising and selling counsel. He is hunting for that extra prestige of association which lends glaze and tone to "Pepticum"—and hence to Doc Bucephalus Emmett.

This here story Doc Emmett tells Phil and Phil tells you—that the Emmett Pharmaceutical Company is going to produce a new *ethical* preparation is bunk. I suppose that the minute the new Emmett remedy is announced—whatever it is and why the secret?—the intelligent public and the entire American Medical Association will heave up on their toes and shout: "Banzai!" I suppose that "Pepticum" will be forgiven in the light and lustre of the latest discovery and all the past "Pepticum" sins will be washed whiter than the snow—instantaneously.

What is this marvellous forthcoming preparation? Why don't they say what it is? I'll tell you on a guess. I'll bet my farm against an advertising blotter that the new Emmett folks-fooler is a dose for *intestinal ritardando*. Or nothing. Doc Emmett is a moneymaker and he shoots at tonnage. When he dishes up a nostrum he fits it to something the human race has plenty of and prevalent. Hence, a compound for the comatose colon.

And, if that's it, Doc Emmett can never have it handled by the Dublin Agency. Over my prostrate body, George. And what's more, Phil Bailey is quite aware of it.

The only conclusion, then, is that Phil is playing some kind of game with Doc Emmett and Doc Emmett is playing some kind of a game with Phil Bailey. The one is trying to dig something out of the other—and I'm not so sure that the Dublin Agency is going to get any percentage in the breaks. We'll probably get squeezed by being the innocent party in the middle.

Phil Bailey and Doc Bucephalus Emmett are a pair of effervescents which, put together, can make each other foam up like a seidlitz power. And similarly, they can create the illusion of action without much genuine power. Just enough power to make Phil think he's bursting with success when in reality he's only temporarily full of bubbles.

The big thing Phil has to swap with the Doc is the promise that he can make him respectable. The ace the Doc has to lay on the board is the means and the temperament to further the Bailey personal ambitions. Take this literally when I say that "Pepticum" Emmett wouldn't hesitate a split second in backing Phil to the tune of $250,000 in a new agency venture—if by doing so the Doc could get his wrinkled reputation lifted. He'd have a smart man like Phil under his thumb, and a large fat thumb it is to press down with.

Don't think I have the executive D. T.'s. Crazier things have happened.

Please watch this situation very closely and constantly. Phil might get careless and drop a word one of these days. Even a one-syllable word might give us the let-in on what he's up to. But don't stick your neck out too far. Phil might catch you peeking and freeze up on you and you'll never get him to melt. Invite the casual confidence and don't fail to report even the smallest five cents' worth of conjecture to me. I'll hop back to New York on 24 hours' notice if required.

JIM.

Manufacturing Plant
FOR SALE OR LEASE

Here is a modern manufacturing plant in the heart of Chicago's industrial section, for sale or lease and ready for occupancy Jan. 1st.

It has the following specifications:

Floor space—291,000 square feet
Five floors and basement
Brick mill construction
Floor load—175 pounds per sq. ft.
4 two ton freight elevators
Ceiling heights—11 to 14 feet
Building is sprinklered throughout
Building is partly air conditioned.

This plant actually comprises two buildings with separate power generating and heating plants. The two units are of practically the same size and can be purchased or leased separately. It faces on Harrison, Peoria, Sangamon and Congress streets. Anyone interested can obtain further details by writing to The Cracker Jack Co. or by taking it up with their own broker.

Wide Reading

WHAT HAPPENS TO TRADEMARKS WHEN PATENTS EXPIRE? E. B. Weiss. *Printers' Ink*, August 14. Another company discovers that permitting the name of a patented product to become generic is an expensive policy.

BIG BUSINESS IS BOARDING THE TRAWLERS. Earl Hanson. *World's Work*, August. Fresh fish is a perishable product no more. Through a new quick-freezing process it may now be sold like breakfast food. What it is doing to the fisherman.

AS THEY MAY BUILD IN 1975. Harold R. Sleeper. *American Architect*, August. Units assembled off the job and set in place, air trucks for delivery, new materials. Hints of what builders are thinking.

PIN-MONEY SLAVES. Poppy Cannon. *Forum*, August. Frank criticism of the current attitude of contempt toward unremunerated work or study.

WHY BE A FOOL? John B. Hawes. *The Rotarian*, August. A Boston physician takes a careful look at certain recreational and eating fads popular among business and professional men—then talks plainly.

CONDITIONED AIR FOR PASSENGER CARS. *Railway Age*, August 9. B. & O. controls temperature and humidity of air and excludes dust, soot, and cinders in experiment on diner.

"TOURISM"—THE BUSINESS OF ORGANIZED HOSPITALITY. Herbert M. Bratter. *Commerce Reports*, August 4. Forms of tourist promotion the world over. Suggestions to American travel agents.

SHANGHAI, THE RADIO CENTRAL OF CHINA. George F. Shecklen. *Far Eastern Review* (Shanghai), June. Paris, Berlin, San Francisco make special plans for communication with China.

RUSSIA'S CLAIMS AGAINST THE U. S. Frederick L. Schurman. *Current History*, August. Background for an intelligent interpretation of our attitude toward Russia on the debt question.

BOOKS

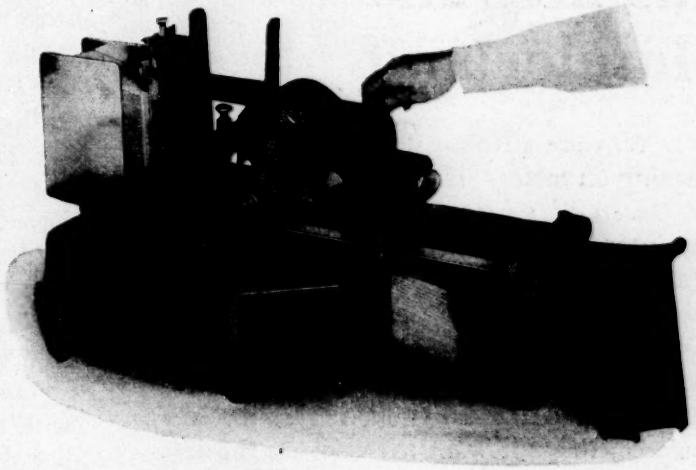
TEN THOUSAND SMALL LOANS. Louis N. Robinson and Maude E. Stearns. Russell Sage Foundation, 159 pp., $2. Interesting but delayed report on a survey covering 7 years' study.

HARVARD BUSINESS REPORTS, Vol. VIII. McGraw-Hill, 687 pp., $7.50. Business aspects of the motion picture industry described in 66 case reports.

MANAGEMENT CONTROL THROUGH BUSINESS FORMS. Ladson Butler and O. R. Johnson. Harper, 213 pp., $3. Valuable material regarding general principles of preparing forms; types necessary for various departments.

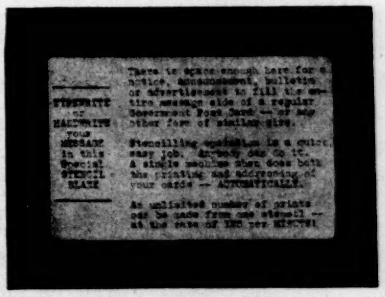
INVESTIGATE

This Marvelous New DOUBLE-DUTY MACHINE!

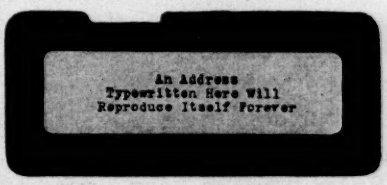


For speedily and easily producing and directing notices, announcements, bulletins and price lists to customers, prospects, dealers, salesmen, agents, membership-lists, etc. Also for quick-action Advertising at small cost.

A 2 in 1 Combination POST-CARD MESSAGE-PRINTER and ADDRESSER



All-fibre Stencils. Can be handwritten or cut on a typewriter. Above is the Message Stencil. Below is the Address Stencil. Both are used in the one machine.



It's AUTOMATIC—yet sells at a popular price. Unlike anything ever before offered. You have seen machines for printing Post-Card messages and other machines for addressing them but never a SINGLE machine for doing BOTH JOBS!

No type to set up. Not even a typewriter needed.

In addition to Post-Card printing and addressing, can be used for all kinds of envelope, circular, tag, label and wrapper addressing, bill and statement heading, etc. Unquestionably the biggest value in the addressing machine field. Will save you a vast amount of time, labor, money.

Try Post-Card ADVERTISING with this little machine! A Government Post-Card costs only 1c for both postage and stock. Your message travels first class. And people read Post-Cards when they won't notice any other kind of circular.

CLIP and MAIL this COUPON

☐ **FREE Catalog**

☐ **FREE Demonstration**

☐ **FREE Book about Direct-Mail Advertising**

Check what is wanted at left, attach to your business letterhead, and address to the Elliott Addressing Machine Co., Cambridge, Mass., U. S. A. (or 980 St. Antoine St., Montreal, if you are in Canada).

THE BUSINESS WEEK

The Journal of Business News and Interpretation

August 27, 1930

Business in Blunderland

Alice: Why are all these people sitting around leaning on tables? Is it a game?

The Queen of Charts: Stupid, can't you see Business is Bad. It's a Depression, not a Vacation.

Alice: I see; depression is a kind of poker, isn't it? The tables are to put their cards on when they call each others' bets.

The Queen: Not at all; nobody's taking any chances; they all want to see what the rest will do. Those are statistical tables, my child; when they are all set, then everybody will begin to play.

Alice: All at once? Doesn't somebody start first?

The Queen: Not here. These are all Bears. If anybody starts first he's a Bull and we throw him out. When they are all out we go out and play with them. That's a Boom. Then anybody can start first, but nobody can stop first. That's Selling America Short.

Alice: What are they doing meantime?

The Queen: Oh, waiting for things to pick up.

Alice: Will they pick up?

The Queen: Oh, yes, they always do, in the Long Run; just look at my figure.

Alice: But who picks them up?

The Queen: George.

Alice: George who?

The Queen: George Economic Law; they leave everything to him.

Alice: Where is he now?

The Queen: In the kitchen, grinding the coffee. They're having Supply and Demand for supper, with lots of Overproduction for dessert.

Alice: What does George pick up?

The Queen: Why, Commodity Prices, Foreign Trade, Carloadings, the Stock Market and that sort of thing.

Alice: How do these people know things have picked up?

The Queen: They watch me; I give them the swastika. They think I know something about it, and maybe I do.

Alice: Don't they do anything till then?

The Queen: Oh, yes; they take their medicine. George mixes it. Adam Smith gave him the recipe: Deflation, the whole bottle at once, straight.

Alice: Where's the Business; don't they get any of it?

The Queen: Just around the corner; the Other Fellow has it; went after it some time ago.

Alice: Don't they want any?

The Queen: Oh, yes; but George won't let them have any till the coffee's all ground and the medicine has worked. Besides they think there isn't enough to go round; too many statistical tables to be served first.

Alice: What made Business bad?

The Queen: Oh, playing around the Market with the Mad Hatter and the March Hare; but they say it was run over by a Business Cycle. The Other Fellow says there's nothing the matter with it.

Alice: What do these people usually do when Business is Good?

The Queen: Tell fortunes from the Ticker Tape. Some go out and play business but soon get tired and play golf.

Alice: What are they thinking about now?

The Queen: Oh, last year, or 1893; the Tariff, the drought, and Hard Times. Some like to look at pictures of China and India. Lots of fun.

Alice: Couldn't they make some money while they're waiting?

The Queen: Have lots of it; wouldn't know what to do with it. Waiting for the Turning Point, you know.

Alice: When is that?

The Queen: Search me. They say it depends on Consumer Purchasing Power.

Alice: Who turns that on?

The Queen: THEY do, silly.

Published weekly by the McGraw-Hill Publishing Company, Inc. Tenth Avenue and 36th Street, New York. Tel. Medallion 0700. Price 15 cents. Subscription rate, $5.00 a year; foreign, $6.00

Publishing Director, Jay E. Mason

Managing Editor, Marc A. Rose — *News Editor,* Ralph B. Smith
Economist, Virgil Jordan — *Art Director,* Perry Githens
Marketing, Gorton James — *Finance,* D. B. Woodward
Aviation, E. P. Warner — *Industrial Production,* K. W. Stillman
Transportation and Utilities, J. F. Chapman — F. A. Huxley — Cameron A. Robertson — R. I. Carlson
Washington, Paul Wooton — *Chicago,* John Millar
European News Director, 7 Boulevard Haussmann, Paris — Elbert Baldwin
Cable Address: Busweek, Paris